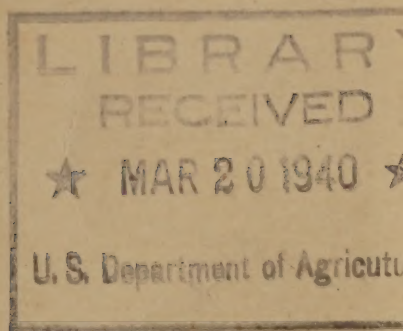


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The
AAA Notebook

**North Central
Edition**



U.S.
**AGRICULTURAL ADJUSTMENT
ADMINISTRATION**

•
**United States
Department of Agriculture
Washington, D. C.**

AAA NOTEBOOK

NORTH CENTRAL EDITION

This book makes available to AAA field workers in a brief and concise form information concerning the farm problem and the provisions of the AAA program.

As new and additional information is compiled, supplemental pages will be provided for this loose-leaf binder. You may insert additional pages for personal notations.

References are listed on most pages to assist you in obtaining other information on the subject by means of leaflets or other publications generally available either at your AAA office or from the Department of Agriculture.

Abbreviations used in listing of references or sources include "*BAE*" for Bureau of Agricultural Economics; "*Secretary's Report*" for "Report of the Secretary of Agriculture," 1938 Edition; "*ACP-1939*" for the Agricultural Conservation Program Bulletin for 1939; "*ACP-1940*" for the Agricultural Conservation Program Bulletin for 1940; and the "*AA Act*" for the Agricultural Adjustment Act of 1938.

The pages in the AAA Notebook are grouped according to general subject-matter. Pages within each group are numbered consecutively. Some pages which may not apply to the Region may be omitted from the Regional edition, thus accounting for missing numbers.

AGRICULTURAL ADJUSTMENT ADMINISTRATION

UNITED STATES
DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.
DECEMBER 1939

M. H.
MAR 26 1940

Table of Contents

AAA NOTEBOOK NORTH CENTRAL EDITION

OBJECTIVES

Purpose of the AAA Farm Program.....	1
Ever-Normal Granary Means Stability..	2

PROGRAM

AAA-The Farmer's Own Program.....	1
Over-Production Wastes Fertility.....	2
How Allotments are Established.....	3
Soil-Building Practices Encouraged.....	4
Commercial Areas.....	5
Crop-Insurance Part of Ever-Normal Granary.....	6
The Farm Plan—NCR-403.....	7
Parity—Price and Income.....	8
Farmers Administer the Farmers Pro- gram.....	9

CORN

The Corn Program.....	1
Acreage, Yield, Production, Supply, and Disappearance (table).....	2
The Corn Loan Program.....	3
Resealing; Rates and Amounts of Loans..	4
Commercial Corn Area.....	5
Acreage by States (table).....	6
Corn Exports and Imports.....	7
Corn Production in the South.....	8
Motor Fuel from Corn.....	9
Increasing Corn Yields.....	10
Higher Yields and Smaller Acreages Not Inconsistent.....	11

LIVESTOCK

Livestock Producers and the AAA.....	1
Agricultural Conservation and the Live- stock Industry.....	2
Dairying and the Farm Program.....	3, 4
The Range Program.....	5
The Lard Situation.....	6

WHEAT

Why a Wheat Program.....	1
Seeded Acreages, by States (table).....	2
First Year of the Wheat Program.....	3
U. S. Wheat Picture Since 1923 (tables) ..	4

Wheat Loans.....	5
Distribution of U. S. Wheat (table).....	6
Production, Net Exports (table).....	7
Exports of Wheat, by Destination (table).....	8
Wheat Export Program.....	9
World Stocks and Trade (table).....	10
Wheat Exports and Imports.....	11
Statistics of Wheat Exporting Nations.....	12
Largest Wheat Outlets Gone.....	13
Comparisons, Acreage, Production, etc. (table).....	14
Milling in Bond.....	15
Wheat Imports Meet Barriers.....	16
What Other Wheat Countries Do for Pro- ducers.....	17

GENERAL

Loan Program for Rye.....	1
Soybeans Under the AAA.....	2
The Vegetable Program.....	3, 4
Potatoes Under the AAA.....	5

COTTON

The Cotton Program.....	1
The Need for a Cotton Program.....	2
The Cotton Export Program.....	3

MISCELLANEOUS

The Consumer and AAA.....	1
Does AAA Mean Scarcity?.....	2
Diverted Land and Reclamation.....	3
The Other Half of the Farm Problem.....	4
Farm Mortgage Debt Declines.....	5
Farm Finances (tables).....	6
Farm Income.....	7
More Acres than Markets.....	8
Related Farm Agencies.....	9
Wildlife Conservation and the AAA.....	10
War and the AAA.....	11
Agricultural Conservation Payments.....	12
The Stamp Plan.....	13

FARM MOVEMENTS

Equalization Fee Plan.....	1
Export Debenture Plan.....	2
Federal Farm Board.....	3
Domestic Allotment Plan.....	4
AA Act of 1933.....	5
Soil Conservation and Domestic Allot- ment Act of 1936.....	6
AA Act of 1938.....	7

PURPOSE OF THE AAA FARM PROGRAM

Conservation of the Nation's soil resources is the first purpose of the AAA farm program. The 1938 Farm Act seeks:

1. To prevent waste of soil fertility.
2. To provide for an orderly, adequate, and balanced flow of farm products in interstate and foreign commerce.
3. To help farmers obtain their fair share of national income.
4. To help consumers obtain an adequate and steady supply of foods and fiber at fair prices.

SOIL WASTE

OVERPRODUCTION is one of the largest causes of soil destruction. It wastes soil through unused harvests and through needless exposure to erosion. The AAA emphasizes means for avoiding it.

BALANCED PRODUCTION

Balanced production and guaranteed supplies through the Ever-Normal Granary are direct steps in soil conservation. A farmer who grows more soil-depleting crops than he can sell at a fair price robs himself of his capital; he wastes his soil fertility and his labor.

Ref.: AA Act; Secretary's Report.

EVER-NORMAL GRANARY MEANS STABILITY

The Ever-Normal Granary of the AAA Farm Program aims at continuous and permanent abundance.

RESERVE IN GRANARY

(1) The provisions call for yearly supplies of wheat, cotton, corn, tobacco, and rice, large enough for domestic and export requirements and for normal carry-overs.

RESERVE IN SOIL

(2) Shifts to soil-conserving crops mean a potential production reserve for emergencies—an Ever-Normal Granary of soil fertility.

RESERVE AGAINST FAILURE

(3) Crop insurance for wheat protects farmers against crop failure and protects consumers against exorbitant prices.

PROTECTION FOR CONSUMER

(4) The general public is protected against artificial as well as actual shortages. Marketing quotas can be proclaimed only when supplies are large, and commodity loans will be available only when accumulating stocks threaten price collapse. The Granary cannot be used to take unfair advantage of consumers.

The Ever-Normal Granary means orderly marketing of an abundant production at prices fair to both farmers and city buyers.

Ref.: AA Act; G-93.

AAA—THE FARMER'S OWN PROGRAM

The AAA farm program provides varied means by which farmers can meet local and national problems as they arise. It is many-sided in its approach to a solution of problems of production, distribution, and farm income.

General use of the AAA farm program by cooperating farmers will make possible the achievement of the goals expressed in the Act which is designed to benefit agriculture and advance the welfare of the Nation.

FEATURES OF THE FARM PROGRAM

SOIL-BUILDING PRACTICES.—To improve soil fertility, improve the physical structure of the land, and to prevent erosion.

ACREAGE ADJUSTMENT.—To conserve the soil by avoiding wasteful overproduction and bring a better balance between supplies and markets.

CROP INSURANCE.—To guarantee farmers wheat to sell every year.

STORAGE LOANS.—To permit systematic storage of food and fiber surpluses from big crop years, and to protect the value of commodities against sudden price declines by giving farmers opportunity to market their commodity in a more orderly manner.

SURPLUS BUYING.—To increase domestic consumption by distributing surpluses to the needy, as through the Stamp Plan.

EXPORT SALES.—To keep for the United States its fair share of the world market.

MARKETING QUOTAS.—To hold surpluses from the market until needed, when a two-thirds majority of growers approve.

MARKETING AGREEMENTS.—To afford farmers a means of marketing such products as milk, fruit, and vegetables in a more orderly and profitable manner.

RESEARCH.—To develop new and expanded industrial uses for farm products through research in four regional laboratories.

OVER-PRODUCTION WASTES FERTILITY

The AAA program aims at conservation in two ways:

(1) Through soil-building practices which return fertility already used and which prevent soil erosion.

(2) By adjusting soil-depleting crops to requirements in order to prevent wasting fertility by producing surpluses nobody wants.

ALLOTMENTS MEAN CONSERVATION

The adjustments are made through acreage allotments. A total national soil-depleting acreage allotment is established large enough to produce all the soil-depleting crops needed for domestic consumption, exports, and a safe reserve.

One part of this total allotment is the "general acreage allotment" for general crops, such as oats, barley, rye, etc. (in area A).

PROVISIONS FOR SPECIAL CROPS

Another part is made up of the acreage allotments for special crops, such as wheat, corn, etc. These special allotments are the acreages estimated as needed to produce enough of the crops for domestic needs, exports, and a safe reserve.

Compliance with acreage allotments is voluntary.

Ref.: AA Act; G-83; G-93.

HOW ALLOTMENTS ARE ESTABLISHED

The NATIONAL acreage allotment for any crop is established by the Secretary on the basis of prospective needs for domestic consumption, exports, and reserves during the coming year. That is, the total production needed in bushels or pounds is divided by average yields to obtain the national allotment in acres.

STATE AND COUNTY

This allotment is then divided among the STATES and COUNTIES on the basis of previous acreage planted to that crop in that State or county, with adjustments made for abnormal weather conditions, trends, and for participation in previous AAA programs. Thus each State and county gets its fair share of the national allotment.

FARM

County allotments for wheat and corn are apportioned to individual FARMS on the basis of tillable acres, crop rotation practices, type of soil, and topography. Thus the share of the national allotment each farm receives takes into account the amount it has been producing in the past as well as the amount that it should supply if operated on a sound, soil-conserving basis.

Ref.: AA Act; G-83; ACP-1939.

SOIL-BUILDING PRACTICES ENCOURAGED

Soil building is a major aim of the AAA conservation program.

The program encourages soil-building practices with soil-building payments. It sets up a soil-building goal for each farm, expressed as a number of units of soil-building practices suitable to the particular farm.

\$1.50 PER UNIT

For each completed unit, the farmer receives a payment of \$1.50. Seeding 1 acre of alfalfa counts as one soil-building unit, for example, and construction of 200 feet of terrace counts as one unit. The application of one ton of ground limestone also counts as one unit.

The payments available for soil-building practices on a farm equal 50 cents for each acre of cropland in the farm not included in total soil-depleting allotment, plus certain amounts for noncrop, open, pasture land, and any commercial orchard or commercial vegetable allotments.

COMMERCIAL AREAS

“Commercial Area” or “Commercial County” designations are made in the AAA program in order to confine the operations of special-crop provisions to areas that will help promote the program’s objectives.

MINOR AREAS OMITTED

The commercial-area provisions make it unnecessary to administer the program for a special crop where the crop is secondary and unimportant.

Areas which normally produce a commodity on a commercial basis which may contribute to a surplus problem for that commodity may be designated a “commercial area.”

FOUR TYPES

The four special soil-depleting area designations in the 1940 program are those for corn, peanuts, potatoes, and vegetables.

The commercial area provisions, which include the establishment of an acreage allotment, are intended to stabilize acreages of crops.

TWO PAYMENTS

Producers in the designated areas who do not exceed their acreage allotments for the special crops and who fulfill other soil conservation requirements will receive conservation payments on the normal yields of their allotments and price adjustment payments on wheat, cotton, corn, and rice, where special acreage allotments apply for those crops.

Ref.: ACP-1940.

CROP INSURANCE PART OF EVER-NORMAL GRANARY

Crop insurance for wheat guarantees participating farmers some wheat to sell every year, regardless of unavoidable crop losses.

GROUP CARRIES LOSSES

Through this program, the wheat industry as a whole rather than the individual grower carries the burden of crop losses.

Wheat farmers may insure either one-half or three-fourths of their average yield of wheat.

PREMIUMS IN WHEAT

Premiums are in terms of bushels of wheat per acre, and are carried by the Federal Crop Insurance Corporation in actual wheat in storage.

The wheat in reserve is for only one purpose: To pay crop losses of insured farmers. The reserve cannot be reduced except to pay losses. It is outside of marketing channels and cannot be used for price manipulation.

EVER-NORMAL GRANARY

This reserve acts as a vital part of the Ever-Normal Granary in maintaining a more stable supply of wheat. Because of this service in the public interest, the Government pays administrative and storage costs.

1939 PARTICIPATION

Policies were issued in the first year to some 165,000 wheat growers in 32 States, insuring production of about 63 million bushels on more than 7½ million acres of wheatland. As of October 24, 1939, payments equivalent to the value of about 7½ million bushels had been made on 42,900 claims of loss, chiefly in the winter wheat belt. As of October 26, 1939, over 299,000 wheat growers had paid premiums to insure crops to be harvested in 1940.

THE FARM PLAN—NCR-403

The first step in participation in the farm program is the working out and signing of the Farm Plan for Participation, Form 403. The Farm Plan is exactly what the name implies, a form upon which the operator plans his farming operations for participation in the year's farm program.

Along with a map of the farm, the Farm Plan contains a list of crops classified as to their soil conserving or soil depleting character and the total payments which the farm will earn if in complete compliance with the AAA program.

The community committeeman assists the operator in working out his Farm Plan. In doing this they take into consideration the farm allotments, soil types, topography and the kind of farming system most suited to that particular farm. A sound, soil-conserving system of farming designed to improve farm incomes is the goal of the individual Farm Plan just as it is the national goal of the AAA.

PARITY—PRICE AND INCOME

Price adjustment or “parity” payments are made directly to producers of corn, wheat, cotton, rice, or tobacco in order to give them more nearly a fair share of the national income and to bring farm income and purchasing power nearer the pre-war level.

Congress appropriated \$212,000,000 in 1938 and \$225,000,000 in 1939 for this purpose. The amount of price adjustment money allocated to each of the commodities is determined by the amount by which farm income from the production of each commodity is below parity income. Payment to producers is made contingent upon compliance with provisions of the AAA program.

PARITY PRICE

Parity price for an agricultural commodity is defined in the AA Act as “that price . . . which will give to the commodity a purchasing power with respect to articles farmers buy equivalent to the purchasing power of such commodity in the base period” (except for tobacco, the base period is August 1909 to July 1914 or pre-war period; for tobacco, August 1919 to July 1929). Parity price also reflects the relationship of current interest rates, tax payments, and freight rates to those in the 1909–14 period.

PARITY INCOME

The Act also defines parity income as “that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed . . . from August 1909 to July 1914.”

FARMERS ADMINISTER THE FARMERS' PROGRAM

The AA Act is an expression of national policy for solving farm problems. Its form was inspired by farm leaders, and in its enactment Congress recognized that the farmers themselves, aided by agricultural technicians, were the ones most qualified to plan and direct the program locally.

The AAA supplies a channel through which the demands, the experience, and the knowledge of farmers have flowed to contribute their part in the operation of the program.

Through the regional divisions, State committees, county agricultural conservation associations, and county and community committees, the national farm program is linked with the individual farms.

FARMER REPRESENTATION

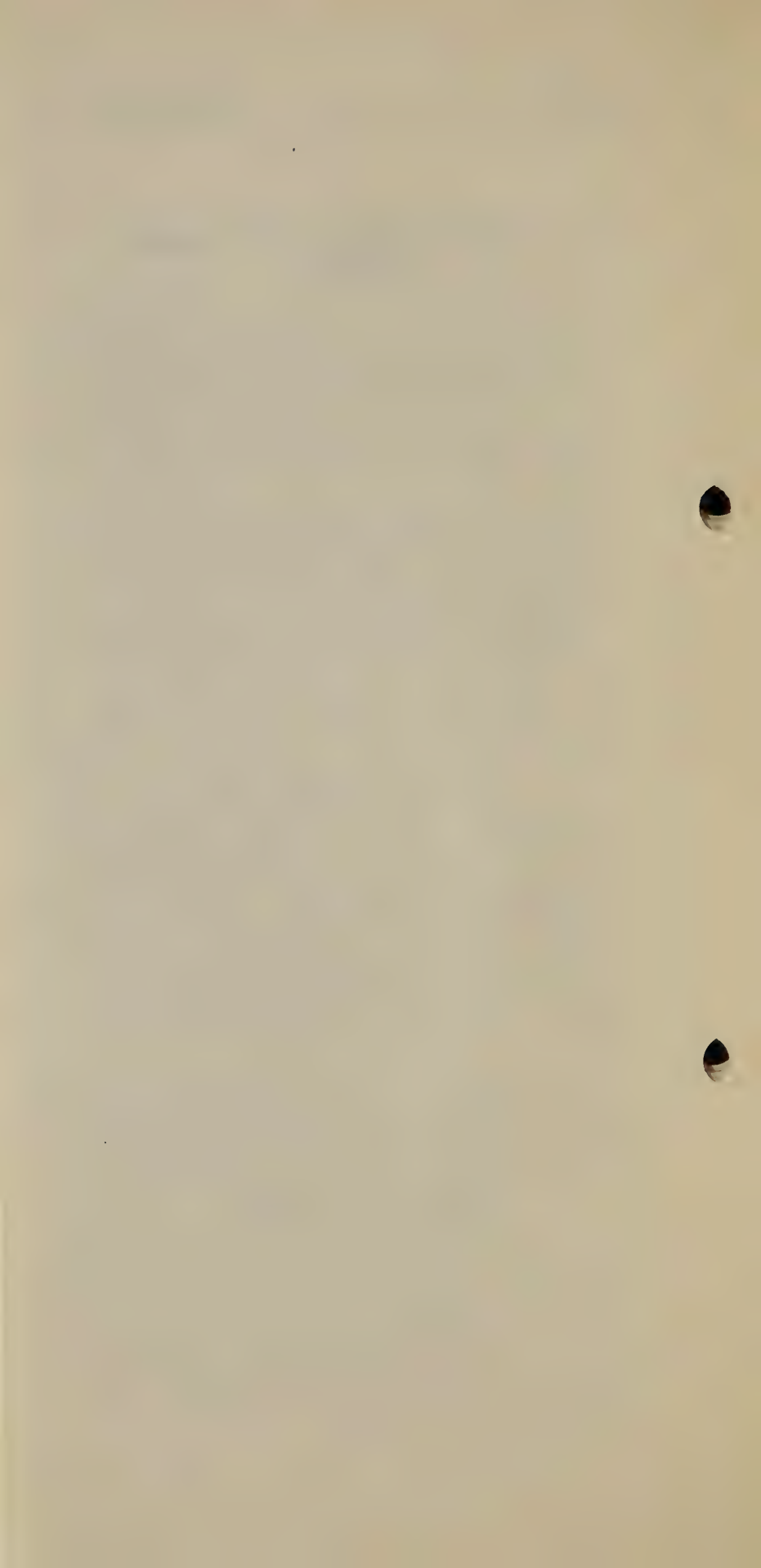
The nucleus of local administration is the Community Committee of three farmers. Fellow farmers voting by secret ballot, elect these committeemen in annual elections.

Representatives of all communities in the county choose three farmers to serve as the County Committee. Its functions are to administer and adapt the national program to local needs.

To the State Committee, also composed of farmers, falls the responsibility of directing the program within the State so as to meet local conditions and serve the broad national interest.

DEMOCRATIC PROCEDURE

The program provides safeguards for agricultural and economic democracy. Marketing quotas must be approved in referendum by two-thirds of the producers affected; local administration is left to community and county committees, and the success of the program is the farmers' own responsibility.



THE CORN PROGRAM

Corn growers cooperating in the AAA Farm Program can take definite steps to stabilize market supplies and prices of corn by:

(1) **ACREAGE ADJUSTMENT.**—The corn acreage allotments, which apply only in the commercial corn area, are established in such proportions as to make available enough corn, together with corn grown outside the commercial area and the corn carried over from previous crops, for needs in this country, exports, and a safe reserve supply.

Producers staying within their allotments are eligible to receive payments for cooperation. Producers unable to participate fully may earn part payment.

(2) **CORN STORAGE LOANS.**—Loans are offered cooperating farmers to protect prices by holding surplus corn off the market until needed, and to establish an Ever-Normal Granary of supplies.

(3) **MARKETING AND STORAGE QUOTAS.**—When corn supplies rise to burdensome levels, marketing quotas may be voted by farmers to stabilize production and prices. The Act sets the marketing quota level at 10 percent above normal domestic consumption, exports, and carry-over.

(4) **SOIL-BUILDING PRACTICES.**—Full benefit payments are possible only if cooperating farmers complete the full amount of soil-conserving practices necessary to reach their soil-building goal.

Ref.: 38-Corn-1; 38-Corn-3.

Corn: Acreage, yield, production, supply, and disappearance since 1926

Year beginning October—	Harvested acres	Yield	Production	Carry-over Oct. 1	Total supply Oct. 1	Net exports	Disappear- ance
	1,000 acres		1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1926	99,452	25.6	2,546,972	278,005	2,824,977	14,341	2,593,354
1927	98,357	26.6	2,616,120	217,282	2,833,402	17,619	2,723,583
1928	100,336	26.6	2,665,516	92,200	2,757,716	41,399	2,567,977
1929	97,805	25.8	2,521,032	148,340	2,669,372	8,119	2,524,921
1930	101,465	20.5	2,080,421	136,332	2,216,753	1,733	2,047,249
1931	106,912	24.1	2,575,611	167,771	2,743,382	4,058	2,468,991
1932	110,577	26.5	2,931,281	270,333	3,201,614	8,713	2,806,580
1933	105,963	22.6	2,399,632	386,321	2,785,953	3,928	2,444,935
1934	92,354	15.8	1,461,123	337,090	1,798,213	¹ 35,812	1,768,949
1935	95,804	16.2	1,507,089	65,076	2,368,823	¹ 20,228	2,209,504
1936	93,020	28.3	2,651,284	179,547	1,686,636	¹ 103,237	1,723,651
1937	93,741	27.7	2,542,238	66,222	2,717,506	138,383	2,216,339
1938	91,792	28.3	² 2,591,063	363,093	2,905,331	33,927	2,310,522
1939	90,734			560,882	3,151,945	-----	-----

¹ Net imports.² Crop estimate of Nov. 1, 1939.

Source: U. S. D. A., Crop Reporting Board.

THE CORN LOAN PROGRAM

Corn loans constitute the keystone in the Ever-Normal Granary. They protect consumers from high prices in times of crop failure, and make it possible for farmers to avoid selling their corn on an overburdened market.

RATES BASED ON SUPPLY

Loans are offered cooperating farmers if the crop is greater than a normal year's home needs and exports, or if the farm price of corn falls below 75 percent of parity.

If marketing and storage quotas are in effect, loans are offered to cooperating farmers at the full rate; to noncooperators at a smaller (60 percent) rate, and only on the amount they are required to store.

The act forbids loans to either cooperators or noncooperators if marketing quotas are rejected in the producer referendum.

The corn loan rate depends upon the size of the current crop.

LIVESTOCK MEN BENEFIT

Livestock feeders also benefit from the corn loans and the Ever-Normal Granary. Carry-overs are made larger, and so supplies of feed become more stable and dependable.

Because alternating surpluses and shortages of corn are necessarily followed by increases and decreases in livestock numbers, an Ever-Normal Granary for corn is the necessary basis for stabilizing market supplies and prices of livestock and livestock products.

Ref.: 38-Corn-1; 38-Corn 3.

RESEALING AND STORAGE

In the fall of 1939 the third big corn crop in a row made it possible for the first time under AAA to create an effective Ever-Normal Granary. In previous years corn carry-over averaged about 7 percent of the current crop, compared to 30 percent for wheat in the years 1930-39. Even a 20-percent reserve of corn would last only 3 to 5 months for livestock feeding.

To obtain a more adequate reserve of corn in the Ever-Normal Granary, farmers were offered in July 1939, renewals of maturing loans on 257 million bushels of 1937 and 1938 corn. Farmers extending their loans retained title to their corn by arranging storage on their farms or in local elevators, and earned a storage payment of 7 cents per bushel for storing corn the additional 12 months. Approximately 150 million bushels of the 257 million bushels were resealed either on farms or in country warehouses.

Purchase of steel bins to store shelled corn delivered to Commodity Credit Corporation in payment of loans due August 1, 1939, provided needed expansion of storage space and brought nearer to fulfillment the plan of an Ever-Normal Granary in the country. Country storage in the steel bins near the farm or point of consumption also eliminates costs of movement to and from terminals.

Rates and amounts of corn loans

Year	Rate	Bushels under loan ¹
	<i>Cents</i>	
1933-34.....	45	271, 000, 000
1934-35.....	55	20, 000, 000
1935-36.....	45	30, 777, 000
1936-37.....	55	1, 030, 000
1937-38.....	50	47, 000, 000
1938.....	57	² 9, 635, 961
1938-39.....	57	³ 227, 491, 634
1939.....	57	⁴ 150, 000, 000

¹ Includes loans by both Commodity Credit Corporation and local agencies.

² Resealed corn.

³ Reported on June 12, 1939.

⁴ Estimated.

COMMERCIAL CORN AREA

The commercial corn area—or the Corn Belt as it is known—is the real surplus corn producing area of the United States. Production in this area largely determines United States corn prices. Corn produced outside the commercial area is used primarily for home consumption. The corn program, including acreage allotments and corn loans, can be operated most economically and effectively by confining it to the relatively small surplus-producing area where corn is produced commercially.

DEFINED IN THE ACT

The Agricultural Adjustment Act of 1938 puts into the commercial corn area all counties in which the average production of corn per farm is 450 bushels, and the average production per acre of farm land is 4 bushels. Bordering counties which contain one or more townships producing, and likely to produce, this much corn on the average are also included in the commercial corn area.

THE AREA IN 1940

The 1940 area consists of 599 counties in 12 States, 13 counties more than in 1939.

OUTSIDE THE AREA

Corn producers outside the commercial corn area do not receive special corn acreage allotments and are not eligible for corn allotment payments or full loan rates. Overplanting of corn by these producers is controlled by limits on acreage allotted for general soil-depleting crops.

*Corn: Planted acreage, by States, averages
1928-32, 1933-37, 1938, and 1939 esti-
mates*

[Figures in 1,000 acres, i.e., 000 omitted]

States	1928-32 average	1933-37 average	1938	1939 July estimate
Maine.....	13	12	11	13
New Hampshire.....	13	16	16	15
Vermont.....	64	77	78	76
Massachusetts.....	39	39	40	38
Rhode Island.....	8	9	11	9
Connecticut.....	51	52	50	48
New York.....	584	673	685	671
New Jersey.....	179	196	197	185
Pennsylvania.....	1,256	1,349	1,368	1,354
Northeast.....	2,207	2,423	2,456	2,409
Ohio.....	3,598	3,626	3,568	3,425
Indiana.....	4,563	4,411	4,293	4,144
Illinois.....	9,323	8,728	8,430	8,093
Michigan.....	1,364	1,571	1,590	1,542
Wisconsin.....	2,069	2,418	2,351	2,257
Minnesota.....	4,590	4,721	4,501	4,546
Iowa.....	11,453	10,560	10,306	9,791
Missouri.....	6,223	4,948	4,260	4,090
South Dakota.....	5,174	4,077	3,427	2,947
Nebraska.....	9,803	9,151	7,816	7,500
North Central.....	58,160	54,211	50,542	48,335
Delaware.....	140	142	143	144
Maryland.....	507	512	501	506
Virginia.....	1,489	1,466	1,391	1,391
West Virginia.....	460	535	477	482
North Carolina.....	2,186	2,395	2,442	2,418
Kentucky.....	2,919	2,897	2,761	2,816
Tennessee.....	2,921	2,855	2,689	2,608
East Central.....	10,622	10,802	10,404	10,365
South Carolina.....	1,525	1,706	1,846	1,754
Georgia.....	3,676	4,293	4,623	4,531
Florida.....	685	769	805	821
Alabama.....	2,868	3,367	3,550	3,550
Mississippi.....	2,177	2,754	3,034	2,943
Arkansas.....	1,974	2,227	2,195	2,217
Louisiana.....	1,299	1,511	1,620	1,636
Oklahoma.....	3,297	2,333	1,826	2,100
Texas.....	4,823	5,075	4,776	4,919
Southern.....	22,324	24,035	24,275	24,471
North Dakota.....	1,120	1,403	1,073	1,073
Kansas.....	6,991	5,328	2,456	3,291
Montana.....	138	193	174	165
Idaho.....	38	32	32	33
Wyoming.....	202	252	260	250
Colorado.....	1,837	1,619	1,160	1,009
New Mexico.....	243	228	224	240
Arizona.....	30	34	33	30
Utah.....	17	21	20	19
Nevada.....	2	2	2	2
Washington.....	35	32	29	35
Oregon.....	63	62	55	57
California.....	84	65	62	62
Western.....	10,800	9,271	5,580	6,266
United States.....	104,113	100,742	93,257	91,846

Source: U. S. D. A., Crop Reporting Board.

CORN EXPORTS AND IMPORTS

The United States is neither a principal exporter or importer of corn. Our export corn goes chiefly to Canada, little abroad. Heavy imports follow short domestic crops when high prices will defray transportation costs and tariff (25 cents a bushel) and leave something for foreign growers. In such years imports provide needed feedstuffs for livestock, dairy, and poultry farmers.

Second highest exports since 1900 occurred in 1937-38: 130 million bushels. Crop failures in Argentina boomed our exports, just as drought in the Corn Belt stimulated corn prices and imports into this country in 1935-37.

Corn: Imports and exports since 1920

Year beginning October	Imports of corn	Domestic exports ¹	Net exports	Net imports
	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Bushels</i>
1920-----	1, 059, 246	115, 372, 567	114, 313, 321	-----
1921-----	104, 485	167, 806, 036	167, 701, 551	-----
1922-----	153, 836	63, 695, 411	63, 541, 575	-----
1923-----	2, 295, 223	21, 811, 439	19, 516, 216	-----
1924-----	2, 892, 483	10, 486, 314	7, 593, 831	-----
1925-----	356, 952	25, 423, 755	25, 066, 803	-----
1926-----	3, 749, 837	18, 008, 554	14, 340, 833	-----
1927-----	2, 939, 940	20, 223, 405	17, 619, 453	-----
1928-----	341, 807	41, 733, 784	41, 399, 109	-----
1929-----	845, 526	8, 963, 441	8, 119, 368	-----
1930-----	1, 386, 181	3, 119, 299	1, 733, 416	-----
1931-----	377, 468	4, 435, 720	4, 058, 252	-----
1932-----	172, 743	8, 885, 773	8, 713, 030	-----
1933-----	881, 973	4, 811, 640	3, 928, 415	-----
1934-----	36, 951, 682	1, 143, 017	-----	35, 811, 633
1935-----	21, 089, 088	867, 102	-----	20, 228, 442
1936-----	103, 643, 135	431, 679	-----	103, 236, 828
1937-----	1, 809, 293	140, 202, 142	138, 382, 817	-----
1938-----	442, 286	34, 369, 321	33, 927, 035	-----
1939-----	-----	-----	-----	-----

¹ Corn and meal in terms of grain.

Source: Compiled from Monthly Summary of Foreign Commerce.

CORN PRODUCTION IN THE SOUTH

The farm program contains definite provisions for preventing the South from increasing commercial corn production in competition with the Corn Belt. Deductions from ACP payments are made for expanding acreage of corn above amounts required for home consumption, usual acreages, or total soil-depleting allotments.

Southern corn acreage planted in 1939 was 900,000 acres less than in 1932 before the AAA came into effect. In addition the tremendous reduction of cotton acreage from more than 39 million in 1933 to 24 million in 1939 was the equivalent of a reduction of livestock feed of approximately 4,600,000 acres of corn in the South because of the reduction in cottonseed production.

Cotton and corn acreage for the years 1928 to 1939 is given for 12 Southern States:

[Figures in 1,000 acres, i. e., 000 omitted]

	Corn planted	Cotton planted
1928-32 average.....	28,920	40,484
1929-38 average.....	30,201	36,296
1928.....	27,145	42,797
1929.....	26,737	43,392
1930.....	28,274	42,302
1931.....	30,607	38,226
1932.....	31,836	35,703
1933.....	31,289	39,238
1934.....	32,615	27,048
1935.....	31,355	27,242
1936.....	29,680	29,492
1937.....	28,823	32,405
1938.....	30,797	23,979
1939 ¹	30,888	23,932

¹ Preliminary estimates.

MOTOR FUEL FROM CORN

Proposals from interested groups to convert a portion of the United States corn crop into ethyl alcohol for mixing with gasoline to make a blended motor fuel have represented this expedient to be a means of solving problems of price and surplus. A special study by the U. S. D. A. has indicated these conclusions:

(1) A national 10-percent blend, i. e., adding alcohol to all gasoline motor fuel as 10 percent of the whole, would encroach upon normal food, feed and industrial supplies of **all** crops under present production. Based on the corn crop alone, this blend would in itself require the production from 32 million acres at an average yield of 27 bushels. Use of processing residues for feed purposes would lower actual acreage requirements to about 25 million acres.

(2) Alcohol production from present wastes, culls, and surpluses of all crops is unlikely to be continuously adequate for a national 5-percent blend. As supplies varied, so would costs and quantities of alcohol.

(3) Present costs of producing alcohol do not permit equal competition between blends and straight gasoline. Corn at 50 cents a bushel yields alcohol costing approximately 30.8 cents a gallon at the plant, without allowance for handling and distribution costs or profits, on the basis of present values for byproducts.

(4) Wheat, potatoes, barley, grain sorghums, oats, sweetpotatoes, and rye can be utilized for alcohol production, of which only the potatoes would yield a greater return per acre than corn, basing the cost of raw materials at one cent per pound (56 cents per bushel for corn).

(5) Adjustments of wide consequence—economic, legal, and sociological would be required from extensive production of alcohol for fuel. Large-scale production could not be achieved for perhaps 5 years. Some form of subsidy would probably be required, although this might supplant present indirect subsidies.

Ref: Miscellaneous Publication No. 327, Motor Fuels from Farm Products, U. S. D. A.

INCREASING CORN YIELDS

Production of corn in the North Central States and Kansas, Kentucky, and North Dakota for the years 1924–33 averaged about 1,943 million bushels on 68,038,000 acres for an average yield of 28.6 bushels per acre. For 1937–39 corn production in these same States averaged 1,933 million bushels on 56,676,000 acres for an average yield of 34.1 bushels.

The increase in yield from 1924–33 to 1937–39 is 5.5 bushels an acre or 19.2 percent. Along with the very favorable weather during the past three years, some of the factors contributing to this increase are:

HYBRID SEED CORN.—"An important factor pointing to relatively high yields per acre of corn in 1939 is the large percentage of the acreage planted with seed of corn hybrids. For the 12 (Corn Belt) States and Kentucky as a group, over 43 percent of this year's acreage appears to have been planted to corn hybrids in comparison with about 30 percent in 1938 . . . Yields per acre of corn hybrids, as indicated by field tests during recent years, exceed the yield from open-pollinated corn in most cases. A preponderance of the experimental evidence indicates yields from 10 to 15 percent higher than open-pollinated corn, the advantage appearing to be somewhat more in dry years than in years of ample rainfall."—*Crop Report as of July 1, 1939, BAE.*

ACP.—To the extent it encourages best use of the land and retirement of poor or exhausted crop lands to soil-building practices, the Agricultural Conservation Program is a factor in increased corn yields.

FERTILIZER.—Increased yields may follow use of fertilizers on corn lands.

TRACTORS.—Tractors and other mechanical equipment are a factor, though indefinite, in improved yields of corn. Improved machinery makes it possible to prepare better seed beds and to do it at the most advantageous time.

OTHER FACTORS.—Improved drainage, better control of insect infestation and plant diseases, and improved cropping systems may account in part for improving yields.

HIGHER YIELDS AND SMALLER ACREAGES NOT INCONSISTENT

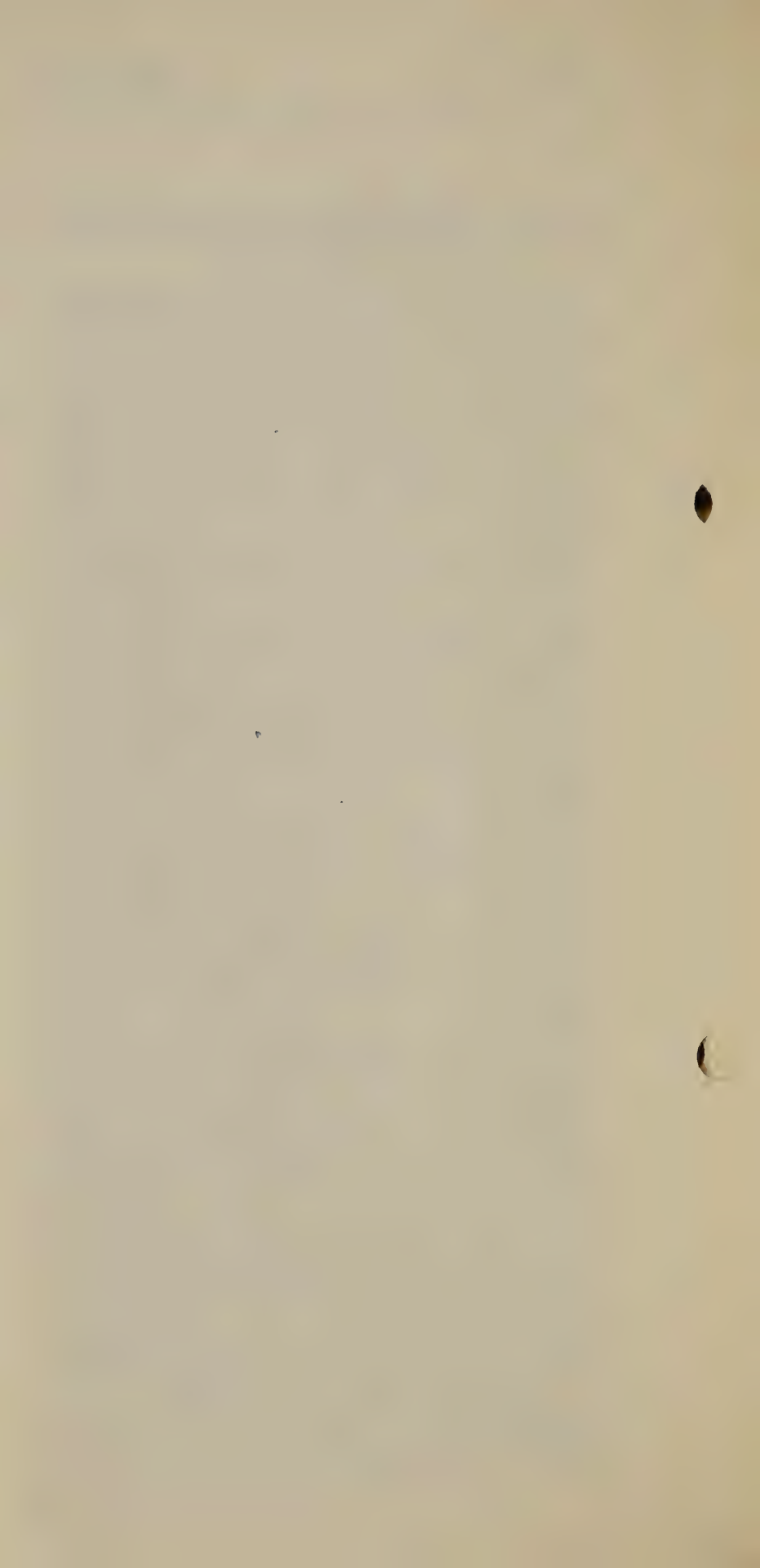
Within the last few years a great increase has occurred in the use of hybrid seed corn which, along with various other factors, has been responsible for considerably increased yields. To some people, it seems inconsistent for farmers to plant smaller acreages and at the same time to strive for higher yields. It is argued that in doing this farmers are defeating their own program.

This argument is not sound. In planting hybrid corn and using other means of increasing his yield, the farmer is simply taking advantage of more efficient methods by which to lower his per unit cost and increase his income. It is entirely reasonable for the farmer to produce his corn as cheaply as possible—whether he is raising 1 thousand or 10 thousand bushels. Higher yields are one way to lower per-bushel costs.

Likewise, being able to produce the same number of bushels of corn on fewer acres makes it possible for him to seed down a larger part of his farm, to carry out soil-building practices, to increase the value of his land. That is the way in which he takes advantage of the more efficient methods which come with technological advancement.

Industry has always done this. Our manufactured goods could probably, in most cases, be produced in plants and with equipment of the same type that were being used 10 years ago. But it is not suggested that such outmoded and expensive methods be continued. They have been discarded and more efficient methods and machinery have taken their place. Even though these new production units may operate at only a small percent of their total capacity, they operate with greater efficiency, giving the consumer a better product at a cheaper price and the manufacturer an improved income.

Farmers seek the same ends using the recent improvements in their own field.



LIVESTOCK PRODUCERS AND THE AAA

Livestock producers are vitally interested in the Ever-Normal Granary and the more stable prices which the AAA offers.

UP AND DOWN TOGETHER

Hard times for the western sheep and cattle producers result from wide fluctuations in Corn Belt grain supplies. Large grain supplies and low grain prices mean a rush of range livestock to Corn Belt feedlots. Soon grain supplies are greatly reduced and livestock prices go down. Then, as grain prices strengthen, farmers market corn on the cash market and the demand for feeder stock is reduced. Both producers and feeders suffer during the recurring cycle.

DAIRYMEN AND AAA

Dairymen are even more directly interested in the grain price stabilizing effects of the AAA. Low grain and meat prices cause many cash grain farmers to go into more dairying. The hard times of the early 30's saw one of the greatest increases in dairy cow numbers on record. A stabilized grain supply with reasonable prices is the dairyman's best protection.

Ref.: G-79.

AGRICULTURAL CONSERVATION AND THE LIVESTOCK INDUSTRY

The encouragement of increased acreage of grasses and legumes is a major objective of the Agricultural Conservation Program. As a class, these soil-conserving crops are valuable pasture and hay crops.

The livestock industry benefits directly through an increase in pasture and hay for animal feeding, since good pasture and roughage provide the most economical feed used in the production of meat and milk and other animal products. Individual farms on which the right proportions of pasture crops and leguminous hay crops are grown make better records in efficient livestock production during good seasons and also during periods of drought and during cold or wet seasons.

PRODUCERS BENEFIT.—Producers have a vital interest in soil-conserving practices which contribute directly toward the stabilization and maintenance of the animal industry. They have an interest in rebuilding and protecting soil fertility, particularly on the phosphorus and calcium content of the soil which feed for animals draws upon. They have an interest in preventing uncontrolled erosion losses that deplete soil fertility and strike at the foundation of the animal industry.

The Agricultural Conservation Program also provides for the improvement of existing pastures by proper fertilization and management in order to increase their productivity and longevity. Improvement and conservation of the range are encouraged by the AAA Range Program.

LOWER COST, BETTER QUALITY.—The extensive increase of grass and roughage crops, and the greater use of these crops in feeding livestock is not expected to result in any marked increase in total meat or milk production. However, both the producer and the consumer of animal products benefit through reduced costs, improvement in the quality of animal products and by the betterment in health conditions of livestock.

DAIRYING AND THE FARM PROGRAM

Several phases of the Farm Program have materially helped dairy farmers.

STABILIZATION

Low grain and meat prices are the biggest threat to the dairy industry. They bring the grain farmer and livestock feeder into the dairy business.

Through stabilizing grain supplies and prices the AAA Conservation program helps protect dairymen from unnecessary expansion in dairying such as occurred in 1929-33.

MARKETING MEASURES

Stabilized conditions under which milk producers can market their product are the goal of milk-marketing agreements which affect approximately 1,200,000 dairy farmers. The milk-marketing agreements for fluid milk establish minimum prices for producers. These minimum prices, which milk distributors are required to pay, reflect feed prices and supplies and are consistent with the public interest in assuring an adequate and safe supply of wholesome milk for consumers.

DISEASE ERADICATION

More than 121,000,000 tests have been applied to cattle in nearly 10,000,000 herds, and 2,600,000 cattle have been removed from herds under Federal disease-eradication programs since 1934. Indemnity payments for diseased cattle total over \$58,000,000.

DAIRYING—Continued

BUTTER LOAN PROGRAM

Through a Federal loan program for butter, the Dairy Products Marketing Association, an organization composed of eight regional marketing cooperatives organized under Government sponsorship, has been authorized to buy and store up to 25,000,000 pounds of butter during the 1939-40 fiscal year. The butter bought by the DPMA is to be available for later resale to the commercial trade, or to the Federal Surplus Commodities Corporation for relief distribution, at prices to cover at least the loan value of the butter, which includes the costs plus handling and carrying charges. Under the 1938-39 program, the DPMA bought 114,000,000 pounds of butter, most of which was sold to the FSCC or relief distribution.

SURPLUS BUYING

The butter loan program supplements and is coordinated with relief purchase programs which totalled approximately \$72,000,000 for dairy products from October 1933 through June 1939, including about \$38,000,000 for the 1938-39 fiscal year ending June 30.

The purposes of the loan program for butter, the product of about half of the commercial milk production in the United States, and of the surplus removal programs are to help improve returns to producers by encouraging a reasonable degree of market stability for dairy products, and to provide a means of getting part of the surpluses consumed by the unemployed and other needy families.

THE RANGE PROGRAM

The AAA range program seeks to conserve one of the nation's great natural resources as a means of obtaining:

(1) A more efficient and stable livestock production year after year.

(2) A steadier supply of meat for the nation's consumers.

(3) A steadier income for the range operator.

The range program means wise planning for improvement of individual ranches. Operators, county AAA committeemen, and qualified range technicians pool their knowledge and experience to work out a sound program.

An allowance, based on grazing capacity, is calculated for each ranch, and the operator may earn this allowance by carrying out a number of approved range conservation practices at specified rates.

DEFERRED GRAZING

The most important part of the program is that which deals with restoration of the range by giving the native grasses a chance to reseed naturally.

STOCK WATER DEVELOPMENT

Stock water development contributes to range conservation. It reduces trampling of the forage by livestock and causes a more even distribution of stock on the range.

EROSION CONTROL

Other practices help control erosion and increase vegetative cover by retarding run-off and making use of the available water.

THE LARD SITUATION

A surplus of lard, weakening its own price position and threatening in turn to affect hog prices, is indicated for 1940 as a result of these developments:

(1) Loss of export trade, brought about by import quotas, trade restrictions, and other trade barriers imposed by lard-importing nations;

(2) Increasing competition from domestic vegetable oil marketed as shortening, particularly soybean oil;

(3) Increasing numbers of hogs, with heavier marketings forecast for late 1939, 1940, and 1941.

PRODUCTION AND PRICE

It is estimated that there will be 600 million pounds of lard available for export, inedible uses and carry-over in 1940, in addition to large supplies of cottonseed oil, soybean oil and competitive materials. In midsummer 1939 lard prices fell to the lowest point in 5 years, below the price of live hogs.

Normally 15 percent of the live weight of the hog marketed for slaughter becomes lard. This proportion varies as packers market fat cuts as fresh meat or render them, according to price advantage. Marketing of lighter hogs would tend to reduce the yield of lard and consequently supplies.

EXPORTS

Lard exports averaged 800 million pounds annually from 1920 to 1929. The drought and other factors cut the amount exported to less than 90 million pounds in 1936. Spurred by the Trade Agreements program, exports in 1938 totaled 208 million pounds, with 300 million pounds indicated for 1939. Germany accounts for more than half the loss of export trade in lard.

REDUCING THE SURPLUS

Lard and other pork products have been placed on the list of surplus foods for the Stamp Plan. Some of the surplus may replace inedible oils in the manufacture of soap if the price goes low enough.

WHY A WHEAT PROGRAM

Principal reasons for a wheat program are to protect the income of the wheat farmer and to conserve the soil. Domestic consumption and foreign demand for United States wheat limit the amount of wheat which farmers can expect to sell at a fair price.

STABLE CONSUMPTION

CONSUMPTION REMAINS FAIRLY STABLE.—Average annual per capita consumption of wheat as food for human beings for the 4-year period beginning July 1, 1925, was 4.3 bushels. This average decreased slightly to 3.9 bushels for the next 5-year period, 1929-33, and to 3.7 bushels for 1934-38. Total domestic consumption of wheat increases slightly when wheat prices are low in relation to other feeds and more wheat is fed to livestock.

LIMITED EXPORTS

WORLD MARKETS GLUTTED.—After a record-breaking world production in 1938 and a crop nearly as large in 1939, the world 1939-40 supply of 5,429,000,000 bushels set a new all-time high record. The world has 5 bushels for every 4 bushels it needs. In 1938-39, surplus-producing countries had available for export a supply exceeding 900 million bushels while world import takings were only about 600 million bushels.

SURPLUS

LOW PRICES.—Production has increased but consumption and export outlets have not. This situation means surpluses and low prices unless farmers cooperate to meet the problem.

WASTE.—Production which creates price-depressing surpluses uses up soil fertility, a great natural resource which the Nation and the farmer cannot afford to waste.

**Wheat: Acreage seeded, by States, 1929-38
Average, 1938 and 1939**

[Figures in 1,000 acres, i. e., 000 omitted]

Region and State	Acreage seeded, 1929-38 average	Acreage seeded for 1938	Acreage seeded for 1939 ¹
Northeast region.....	1, 346	1, 469	1, 292
Maine.....	5	4	3
New Jersey.....	59	72	65
New York.....	269	311	269
Pennsylvania.....	1, 013	1, 082	955
East Central region.....	2, 574	2, 997	2, 537
Delaware.....	91	86	75
Kentucky.....	405	614	497
Maryland.....	457	483	406
North Carolina.....	449	492	443
Tennessee.....	401	517	398
Virginia.....	627	638	568
West Virginia.....	144	167	150
Southern region.....	9, 827	11, 773	8, 916
Alabama.....	6	6	5
Arkansas.....	69	81	49
Georgia.....	139	187	178
Oklahoma.....	4, 835	5, 959	4, 469
South Carolina.....	129	172	189
Texas.....	4, 649	5, 368	4, 026
North Central region.....	19, 022	22, 599	17, 307
Illinois.....	2, 205	2, 385	2, 038
Indiana.....	1, 824	1, 958	1, 627
Iowa.....	458	632	455
Michigan.....	855	927	766
Minnesota.....	1, 772	2, 638	1, 599
Missouri.....	1, 981	2, 598	1, 764
Nebraska.....	3, 953	5, 041	3, 978
Ohio.....	2, 082	2, 416	1, 980
South Dakota.....	3, 778	3, 881	2, 994
Wisconsin.....	114	123	106
Western region.....	37, 413	41, 032	34, 543
Arizona.....	38	50	45
California.....	787	850	706
Colorado.....	1, 695	1, 759	1, 680
Idaho.....	1, 156	1, 227	987
Kansas.....	14, 139	16, 945	13, 902
Montana.....	4, 454	4, 936	4, 370
Nevada.....	15	19	19
New Mexico.....	423	438	377
North Dakota.....	10, 482	10, 736	9, 040
Oregon.....	1, 113	1, 113	841
Utah.....	274	292	270
Washington.....	2, 453	2, 230	1, 896
Wyoming.....	384	437	410
United States total.....	70, 182	79, 870	64, 595

¹ Preliminary estimate.

Source: BAE.

FIRST YEAR OF THE WHEAT PROGRAM

Working together in a single year under the new wheat program, U. S. wheat farmers have made outstanding progress toward a workable policy. In the face of a depressed world wheat situation, U. S. wheat farmers during the last year improved their domestic supply situation, and domestic farm prices of wheat ranged from 25 to 35 cents a bushel above the normal relationship with world price.

ACREAGE.—U. S. farmers, recording a high percentage of compliance with 1939 acreage allotments, reduced seedings 19 percent under 1938. Of the 65 million acres seeded, an estimated 55 million acres were harvested.

SUPPLY.—Production in 1939 was 739 million bushels. With a carry-over on July 1, 1939, of 254 million bushels, the 1939-40 domestic wheat supply was 993 million bushels, nearly 100 million bushels less than for 1938-39.

EXPORTS.—Under the 1938-39 export program, the United States sold 118 million bushels for export, and of this 107 million bushels was actually exported by June 30, 1939.

EVER-NORMAL GRANARY.—Through the AAA, farmers have created an effective Ever-Normal Granary. The U. S. carry-over on July 1, 1939, was 254 million bushels, more than 100 million bushels greater than the average of the 1920's. About 85 million bushels were stored under 1938 loans. Of the 170,000 wheat growers who insured their 1939 crop about 30,000 growers collected indemnities of approximately 6,000,000 bushels.

HIGHER INCOME.—The Liverpool price of wheat usually is well above the U. S. farm price. For example, in August 1938 the average U. S. farm price was 34 cents below the Liverpool price. In May 1939 both the U. S. farm price and Liverpool averaged about 63 cents. The spread had changed about 34 cents in favor of U. S. farmers.

But in addition to price benefits, wheat farmers who were AAA cooperators through the loan and parity and conservation payments, in 1939, were able to realize at least 80 to 90 cents a bushel.

United States wheat picture since 1923

Year beginning July	Seeded acreage	Yield per seeded acre	Produc- tion	Carry-over beginning of year ¹	Total supply ²	Total domestic utilization	United States exports ³	U. S. average farm price	U. S. average parity price	Imported wheat parcels at Liverpool	No. 2 hard winter wheat at Chicago
	Million acres	Bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Cents per bushel	Cents per bushel	Cents per bushel	Cents per bushel
1923	64.5	11.8	759	132	891	620	149	92.6	145.0	120.8	105.8
1924	55.7	15.1	842	137	979	613	258	124.7	148.5	175.7	138.8
1925	61.7	10.8	669	108	777	581	98	143.7	149.4	168.9	161.0
1926	60.7	13.7	832	100	932	613	209	121.7	147.6	162.8	140.1
1927	65.7	13.3	875	110	985	679	194	119.0	147.6	151.9	138.5
1928	71.2	12.9	914	112	1,026	654	144	99.8	147.6	127.5	117.2
1929	66.8	12.3	823	228	1,051	619	143	103.6	145.0	129.2	129.7
1930	67.2	13.2	887	289	1,176	748	115	67.1	132.6	79.7	84.5
1931	66.0	14.3	942	313	1,255	754	126	39.0	114.0	59.2	52.9
1932	65.9	11.5	757	375	1,132	719	35	38.2	102.5	53.8	52.7
1933	68.5	8.1	552	378	930	627	29	74.4	109.6	68.2	94.1
1934	63.6	8.3	526	274	800	654	14	84.8	115.8	80.6	102.5
1935	69.2	9.1	626	148	774	660	7	83.2	112.3	90.0	103.9
1936	73.7	8.5	627	142	769	688	12	102.6	117.6	125.8	116.5
1937	81.1	10.8	876	83	959	703	103	96.3	116.7	124.5	118.0
1938	79.9	11.7	931	153	1,084	720	110	54.7	111.4	69.5	70.4
1939 ⁴	64.6	11.4	739	254	993	675					

¹ Includes small amount of new wheat in some years prior to 1937.² Total supply as defined in the Agricultural Adjustment Act of 1938 is carry-over plus production.

Source: BAE.

³ Includes shipments of wheat and flour to noncontiguous U. S. Territories, and includes only flour made wholly of domestic wheat.⁴ Preliminary estimate.

WHEAT LOANS

Wheat loans help build up the Ever-Normal Granary. Loans also provide the wheat farmers with a price stop-loss and by enabling them to store their wheat loans give farmers a greater freedom in marketing.

Under the Farm Act, AAA cooperators can get loans in years when the crop is large, or the price low.

The loan rate is discretionary between 52 and 75 percent of the parity price. Country market rates are calculated from basic terminal rates with differentials for freight and handling.

Loans are available to cooperators whenever offered. Noncooperators are eligible for loans when there are quotas, but only on their excess supplies and at lower rates.

Approximately 85,000,000 bushels of wheat was stored under the 1938 loan program. The Commodity Credit Corporation and other lending agencies advanced a total of approximately \$49,000,000.

Loans on about 3,500,000 bushels of wheat stored on farms were extended for a 10-month period to March 31, 1940. A total of approximately 16,000,000 bushels was turned over to the Commodity Credit Corporation in settlement of loans. The remainder of 65,500,000 bushels was redeemed by the borrowers. Most of the 16,000,000 bushels which was turned over to the CCC was sold to the Federal Surplus Commodities Corporation and were added to the stock available for export or distribution to relief agencies.

About 25 percent of the 1938 collateral was stored on farms. Only a very small percentage of these loans had to be called because the collateral went out of condition.

Wheat: Exports and shipments, and domestic disappearance, U. S., 1923 to 1938

Year beginning July	Exports and shipments			Domestic disappearance				Stocks at end of year ⁴	Per capita disappearance (total less seed)
	Exports (wheat only)	Exports flour as wheat ¹	Shipments (flour included) ²	Total	Seed	Feed (fed on wheat farms)	Foods and commercial feeds ³		
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Bushels
1923	79	67	3	149	74	70	476	137	4.9
1924	195	60	3	258	80	56	477	108	4.7
1925	63	32	3	98	79	28	474	100	4.3
1926	156	50	3	209	83	34	496	110	4.5
1927	146	45	3	194	90	45	544	112	4.9
1928	103	38	3	144	84	57	513	228	4.7
1929	92	48	3	143	83	59	477	289	4.4
1930	76	36	3	115	81	157	510	313	4.4
1931	97	26	3	126	80	174	500	375	5.4
1932	21	11	3	35	84	125	510	378	5.1
1933	19	7	3	29	78	72	477	274	4.4
1934	3	8	3	14	83	84	487	148	4.5
1935	(⁵)	4	3	7	88	83	489	142	4.5
1936	3	6	3	12	97	88	503	83	4.7
1937	84	16	3	103	95	113	495	153	4.7
1938	85	22	3	110	78	132	510	254	(⁶)

¹ Includes only flour made from domestic wheat.² Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands.³ Balancing item.⁴ Includes small amount of new wheat in some years prior to 1936.⁵ Less than 500,000 bushels.⁶ Not available.

Source: BAE.

Wheat: Production, net exports, and price by classes in the United States

Year beginning July 1	Hard red winter wheat			White wheat			Soft red winter wheat			Hard red spring wheat			Durum wheat		
	Pro- duc- tion	Net ex- ports ¹	Price per bushel No. 2 hard winter at Kansas City	Pro- duc- tion	Net ex- ports ¹	Price per bushel soft white at Portland	Pro- duc- tion	Net ex- ports ¹	Price per bushel No. 2, 2nd winter at St. Louis	Pro- duc- tion	Net ex- ports ¹	Price per bushel No. 1 dark N. Sp. at Minne- apolis	Pro- duc- tion	Net ex- ports ¹	Price per bushel No. 2 amber ⁴ Durum at Mpls.
	Million bushels	Million bushels	Cents	Million bushels	Million bushels	Cents	Million bushels	Million bushels	Cents	Million bushels	Million bushels	Cents	Million bushels	Million bushels	Cents
1921.....	323	100	119.6	84	28	116	222	29	126.6	132	26	148.0	58	26	118.9
1922.....	299	61	112.6	71	14	119	221	23	121.0	170	14	126.4	86	43	107.0
1923.....	259	27	104.9	89	20	103	237	10	107.4	132	2	123.6	42	19	105.7
1924.....	352	121	135.4	49	11	158	186	8	159.0	193	22	157.7	62	34	155.7
1925.....	204	10	162.7	75	19	148	163	3	168.8	166	5	165.4	60	27	144.1
1926.....	371	73	135.3	77	27	136	216	31	137.6	123	2	150.8	45	22	154.9
1927.....	322	60	135.1	98	30	132	167	13	149.0	207	6	141.4	81	36	131.6
1928.....	394	35	112.4	91	15	117	127	3	139.2	203	2	126.5	99	48	113.3
1929.....	371	82	119.6	85	38	116	164	4	130.2	146	3	129.5	57	16	118.7
1930.....	404	65	75.5	86	32	72	180	4	83.4	157	1	82.3	60	13	77.8
1931.....	514	85	46.9	71	33	56	262	3	51.7	73	(2)	70.9	22	5	75.8
1932.....	251	22	50.9	85	11	50	159	(2)	55.2	190	(2)	60.8	42	2	58.4
1933.....	177	4	88.5	88	25	71	162	(2)	94.3	107	(2)	91.3	18	(2)	103.2
1934.....	208	3	98.1	70	10	81	188	(2)	93.9	108	39	116.4	7	37	137.7
1935.....	203	2	105.1	86	5	81	204	(2)	94.9	51	30	126.0	25	34	112.8
1936.....	260	3	121.4	100	9	107	258	(2)	111.1	102	35	146.9	9	39	156.9
1937.....	373	74	110.8	114	22	87	237	5	112.6	161	1	127.9	29	(2)	106.9
1938.....	388	76	69.5	103	24	66	198	4	69.6	127	3	79.1	42	2	72.5
1939.....	303	77											34		

² Less than 500,000 bushels.

³ Net imports.

⁴ No. 2 hard amber Durum beginning 1934.

Source: B.A.E.

¹ Prior to 1929 flour is not included, as estimates by classes are not available. Beginning 1929 figures are exports of wheat and flour plus shipments to non-contiguous U. S. Territories. Flour is that made wholly from domestic wheat.

Wheat (including flour): Exports from U. S., by countries of destination, 1909 to 1938
 [Figures in million bushels, i. e., 000,000 omitted]

Year beginning July	Total exports ¹	France	Germany	Greece	Italy	Nether-lands	United Kingdom	Other Europe	Total Europe	Central ³ and South America	China ³ and Japan	Philip-pine Islands	Other countries
1909-13 average.....	107	3	7	(4)	2	12	34	14	72	11	12	1	11
1914.....	336	60	3	10	48	40	85	37	283	14	4	1	34
1915.....	246	35	0	14	36	22	68	30	205	20	2	2	17
1916.....	206	23	0	7	18	22	82	27	179	14	(4)	(4)	13
1917.....	133	26	0	(4)	22	(4)	60	15	123	6	(4)	(4)	4
1918.....	287	31	0	1	43	9	115	51	250	7	(4)	(4)	30
1919.....	222	40	2	1	39	1	62	42	187	12	1	(4)	22
1920.....	369	24	35	7	59	27	103	66	321	17	2	1	28
1921-25 average.....	207	8	14	3	22	17	39	24	127	14	21	3	42
1926-30 average.....	175	7	6	5	6	16	33	21	94	19	17	3	42
1931.....	136	6	4	11	2	10	19	16	68	23	28	3	14
1932.....	41	1	(4)	3	1	1	2	6	14	15	3	3	6
1933.....	37	(4)	(4)	(4)	(4)	(4)	1	5	6	7	16	2	6
1934.....	22	(4)	(4)	(4)	(4)	(4)	1	3	4	7	3	2	6
1935.....	16	(4)	(4)	(4)	(4)	1	(4)	1	2	7	(4)	1	6
1936.....	22	(4)	(4)	(4)	(4)	3	(4)	2	5	8	(4)	2	7
1937.....	107	1	1	3	1	14	24	29	73	12	2	3	17
1938.....	116	1	2	(4)	1	17	31	25	77	11	14	5	9

¹ Includes flour milled from Canadian wheat.

² Includes Mexico, Panama, Cuba, Brazil, Chile, Peru, and Venezuela for all years, and Haiti and Columbia beginning 1931.

³ Includes Hongkong, Kwantung, and Chosen.

⁴ Less than 500,000 bushels.

Source: BAE.

WHEAT EXPORT PROGRAM

During the 1938-39 marketing season, the United States embarked upon a program to maintain our fair share of the world wheat market in face of growing competition for shrinking world markets. A new export program has been announced for 1939-40.

During 1938-39, the wheat part of the combined wheat and flour export program operated through purchases by the Federal Surplus Commodities Corporation in U. S. markets, and resale of the wheat to U. S. exporters at prices enabling exporters to sell in world markets.

The revised program for 1939-40 includes three methods for assisting exports. (1) The flour export plan is unchanged. Under it, definite export payments are made directly to U. S. exporters. (2) Authority to buy and resell wheat is continued for use in handling Commodity Credit Corporation loan wheat taken over by the FSCC. (3) Other wheat exports are assisted through direct payments to U. S. exporters under a bid-payment plan. This makes fuller use of normal channels of trade. Export payments are determined on basis of the differentials existing between the domestic wheat price and world prices and the cost of transportation to world markets. Consideration is also given such factors as class of wheat, port of exportation, and ocean freight differentials.

For 1938-39, exports sales of U. S. wheat and flour totaled approximately 118,054,000 bushels. Of this, about 107,000,000 bushels were exported by June 30. Of the total sales, about 93,754,000 bushels were assisted at a cost of about \$25,700,000. Estimates indicate the export program, together with the wheat loan and adjustment programs, were factors in lifting the U. S. wheat price up to 35 cents above the normal world relationship.

The export program, made necessary by world conditions and policies of other wheat exporting nations, is not a "dumping" plan, but enables our exporters to sell wheat in world markets at world prices.

Wheat (including flour): Estimated world stocks, production, disappearance, world trade and U. S. exports, 1923 to 1939

Year beginning July 1	World stocks on about July 1	World produc- tion (exclud- ing Soviet Russia and China)	Total disap- pear- ance (exclud- ing Soviet Russia and China)	World trade in wheat ^{1 2}	United States net exports ²	Percent United States exports are of world trade
	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Percent</i>
1923-----	577	3, 535	3, 389	833	130	15. 6
1924-----	723	3, 143	3, 293	776	259	33. 4
1925-----	573	3, 396	3, 316	702	106	15. 1
1926-----	653	3, 504	3, 470	853	202	23. 7
1927-----	687	3, 683	3, 619	823	187	22. 7
1928-----	751	4, 005	3, 736	947	154	16. 3
1929-----	1, 020	3, 582	3, 659	629	145	23. 1
1930-----	943	3, 894	3, 791	839	116	13. 8
1931-----	1, 046	3, 877	3, 880	795	115	14. 5
1932-----	1, 043	3, 876	3, 775	630	33	5. 2
1933-----	1, 144	3, 848	3, 799	555	29	5. 2
1934-----	1, 193	3, 561	3, 801	541	³ 4	-----
1935-----	952	3, 602	3, 789	523	³ 31	-----
1936-----	766	3, 579	3, 806	609	³ 17	-----
1937-----	519	3, 852	3, 771	554	118	21. 3
1938-----	599	4, 588	3, 998	643	102	15. 9
1939 ⁴ -----	1, 189	4, 287	4, 000	-----	-----	-----

¹ Net exports of all countries for which exports exceed imports.

² Years beginning August.

³ Net imports.

⁴ Preliminary.

Source: BAE and Food Research Institute of Stanford University, Wheat Studies.

WHEAT EXPORTS AND IMPORTS

The United States wheat trade is on an export basis.

In the year closed June 30, 1939, the United States exported 107 million bushels of wheat (including grain and flour from United States wheat) and has a program for encouraging exports again in 1939-40.

EXPORTS RETURN

In only 4 years since the Constitution was signed has the United States been a net importer of wheat for human consumption. In 3 of these years, 1934, 1935, and 1936, wheat was imported because of small crops caused by drought and rust. But after the 1937 crop, we resumed our export position and sold 100 million bushels or more of United States wheat abroad in each of the 2 years. Although this was partially due, during 1938-39, to the wheat-export program, imports of wheat and flour for domestic use were 634,000 bushels in 1937-38 compared with 271,000 in 1938-39.

Practically no wheat is now being imported, either for human or livestock consumption.

For the 5 years (1928-29 to 1931-32) prior to the drought and rust years, the average annual imports of milling wheat and flour for domestic use were only 41,000 bushels.

IMPORTS PAY TARIFF

All wheat imported for human consumption pays a duty of 42 cents a bushel.

Wheat unfit for human consumption and imported for livestock feed pays a tariff of 5 percent of its money value.

Ref.: G-93.

Wheat: Acreage, production, and net exports in principal exporting countries

Country	Acreage				Production				Net exports (including flour)			
	1923-27	1932-36	1937 ³	1938 ³	1923-27	1932-36	1937 ³	1938 ³	1923-27	1932-36	1937 ³	1938 ³
	<i>Million acres</i>	<i>Million acres</i>	<i>Million acres</i>	<i>Million acres</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>	<i>Million bushels</i>
United States	61.7	68.2	81.1	79.9	795	618	876	931	177	112	118	102
Canada	22.0	25.4	25.6	25.9	404	300	180	350	297	214	87	165
Argentina	18.8	18.0	19.2	20.9	228	232	185	336	143	139	72	124
Australia	10.9	13.5	13.7	14.1	137	164	187	154	92	110	126	96
Lower Danube	18.1	20.0	20.9	22.2	265	305	361	466	36	37	54	80
Exporting Area	131.5	145.1	160.5	163.0	1,829	1,619	1,789	2,237	745	512	457	567
Others	108.7	126.9	126.5	124.0	1,623	2,074	2,063	2,351	32	43	54	42
World (except Russia and China)	240.2	272.0	287.0	287.0	3,452	3,693	3,852	4,588	777	555	511	609
Russia	61.3	88.4	102.3	100.6	677	816	(⁴)	(⁴)	220	17	43	34
Total net exports	-----	-----	-----	-----	-----	-----	-----	-----	797	572	554	643

¹ Average annual net imports during this period were 10 million bushels.² Average annual net imports during this period were 3 million bushels.³ Preliminary.⁴ Not available.

Source: BAE, except for net exports which are from Food Research Institute of Stanford University, Wheat Studies.

LARGEST WHEAT OUTLETS GONE

World wheat exporting countries since the 1920's have increased annual *export supplies* by 150 million bushels. Export wheat now totals about 900 million bushels annually.

Present world *import requirements*, on the other hand, are about 550 million bushels. This represents a drop of at least 200 million bushels a year from former years.

Europe in the past has bought between 70 and 80 percent of wheat exports. The United Kingdom took about 200 million bushels of this, an import total which has dropped very little.

IMPORTERS STIMULATE PRODUCTION

About 80 percent of the drop in European requirements is accounted for by Italy, Germany, and France, formerly large importers whose policies of stimulated home production and restrictions on consumption and imports are based on these three major points:

(1) A desire to maintain good returns to domestic producers and to keep a large part of the population on the land.

(2) The necessity, because of trade balances, to reduce imports.

(3) The desire for larger home production from a military point of view.

OTHER FACTORS INVOLVED

In addition to such policies, other factors in the reduction of wheat imports are:

(1) Improved agricultural methods in importing countries.

(2) A generally lower birth rate.

Ref.: Foreign Agriculture, January 1939.

Comparison of two 5-year periods, acreage, production, yield per acre, net imports, and apparent consumption of wheat in European importing countries

Country	Acreage		Production		Yield per acre		Net imports ¹		Estimated consumption		Percent production is of consumption	
	1923-24 to 1927-28	1932-33 to 1936-37	1923-24 to 1927-28	1932-33 to 1936-37	1923-24 to 1927-28	1932-33 to 1936-37	1923-24 to 1927-28	1932-33 to 1936-37	1923-24 to 1927-28	1932-33 to 1936-37	1923-24 to 1927-28	1932-33 to 1936-37
5-year annual average.....												
United Kingdom.....	1,000 acres	1,000 acres	1,000 bushels	1,000 bushels	Bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	Percent	Percent
Italy.....	1,664	1,728	54,395	59,300	32.7	34.3	208,978	207,522	263,373	266,822	20.7	22.2
Germany.....	11,769	12,421	210,456	263,173	17.9	21.2	80,200	18,500	290,656	281,673	72.4	93.4
France.....	3,878	5,429	105,962	178,089	27.3	32.8	69,600	8,400	175,562	186,489	60.4	95.5
Belgium, Denmark, and Netherlands.....	13,440	13,280	278,997	314,787	20.8	23.7	52,900	10,000	331,897	324,787	84.1	96.9
Austria, Czechoslovakia, and Switzerland.....	713	1,025	28,109	43,687	39.4	42.6	75,900	74,400	104,009	118,087	27.0	37.0
Norway, Sweden, Finland, Estonia, and Latvia.....	2,246	2,996	56,352	77,875	25.1	26.0	53,700	29,200	110,052	107,075	51.2	72.7
Greece, Portugal, and Spain.....	635	1,351	15,936	38,214	25.1	28.3	22,900	12,700	38,836	50,914	41.0	75.1
Total Europe, excluding Russia.....	12,873	14,382	168,451	200,173	13.1	13.9	25,900	17,400	194,351	217,573	86.7	92.0
Russia.....	68,800	77,700	1,244,000	1,568,000	18.1	20.2	611,600	397,000	-----	-----	-----	-----

¹ August-July marketing years. Flour included.

Source: Foreign Agriculture, January 1939.

MILLING IN BOND

A small amount of wheat grown on foreign soil, mostly in Canada, comes into this country for milling in U. S. mills for export to foreign countries. This is known as milling in bond and was authorized by the Tariff Act of 1930.

Every bushel of this wheat is handled in bonded warehouses, which are under strict supervision of the Federal Government, and this guarantees that the imported wheat will be exported when milled.

MUST BE EXPORTED

All flour milled in whole or in part from wheat brought in under bond must be exported. It cannot be sold for domestic use even if the duty of \$1.04 per 100 pounds is paid. If mixed with domestic wheat, the entire mix must be exported.

Mill feeds from wheat milled in bond may be withdrawn for consumption in U. S. upon the payment of the same duty that would be paid if imported directly.

OFFERS WORK AND WAGES

Mills which mill in bond cannot, at the same time, mill for domestic use.

Milling in bond offers U. S. labor work and wages it would not otherwise have.

WHEAT IMPORTS MEET BARRIERS

Virtually all governments have put up barriers against wheat imports as a means of aiding their wheat producers or conserving their small gold supplies. These measures in the principal importing countries in Europe include monopoly organizations and control of import trade, milling quotas, import quotas, import permits and licenses, and special taxes. The situation in some of the individual countries may be noted as follows:

UNITED KINGDOM.—Domestic production subsidized by high guaranteed prices. Renewed encouragement for further expansion has recently been announced with bonus given for plowing up grasslands. The British Government has also recently established full control over the grain trade and imports into the country.

ITALY.—Government-fixed price, regulated sales, strictly controlled foreign trade, and an import duty equivalent to about 64 cents a bushel (August 1939).

GERMANY.—Fixed prices and price margins; compulsory delivery of all domestic wheat fit for human consumption; distilling and feeding restricted; strictly controlled foreign trade.

FRANCE.—National wheat board sets prices at a high level, controls imports and exports. Import duty equivalent to 69 cents a bushel (August 1939).

NETHERLANDS.—Fixed prices and monopoly control, milling quotas and special taxes.

SWEDEN.—Import control, mixing regulations, import taxes (equivalent to about 32 cents per bushel) and an import duty equivalent to about 26 cents per bushel (September 1939).

Ref.: Foreign Agricultural Service, BAE.

WHAT OTHER WHEAT COUNTRIES DO FOR PRODUCERS

Taking the world as a whole, more farmers are dependent on wheat production for a living than on that of any other crop. Consequently, wheat has received first consideration in drafting agricultural relief measures. In virtually every country, whether it exports or imports wheat, some form of government assistance is designed to increase the price received by domestic producers.

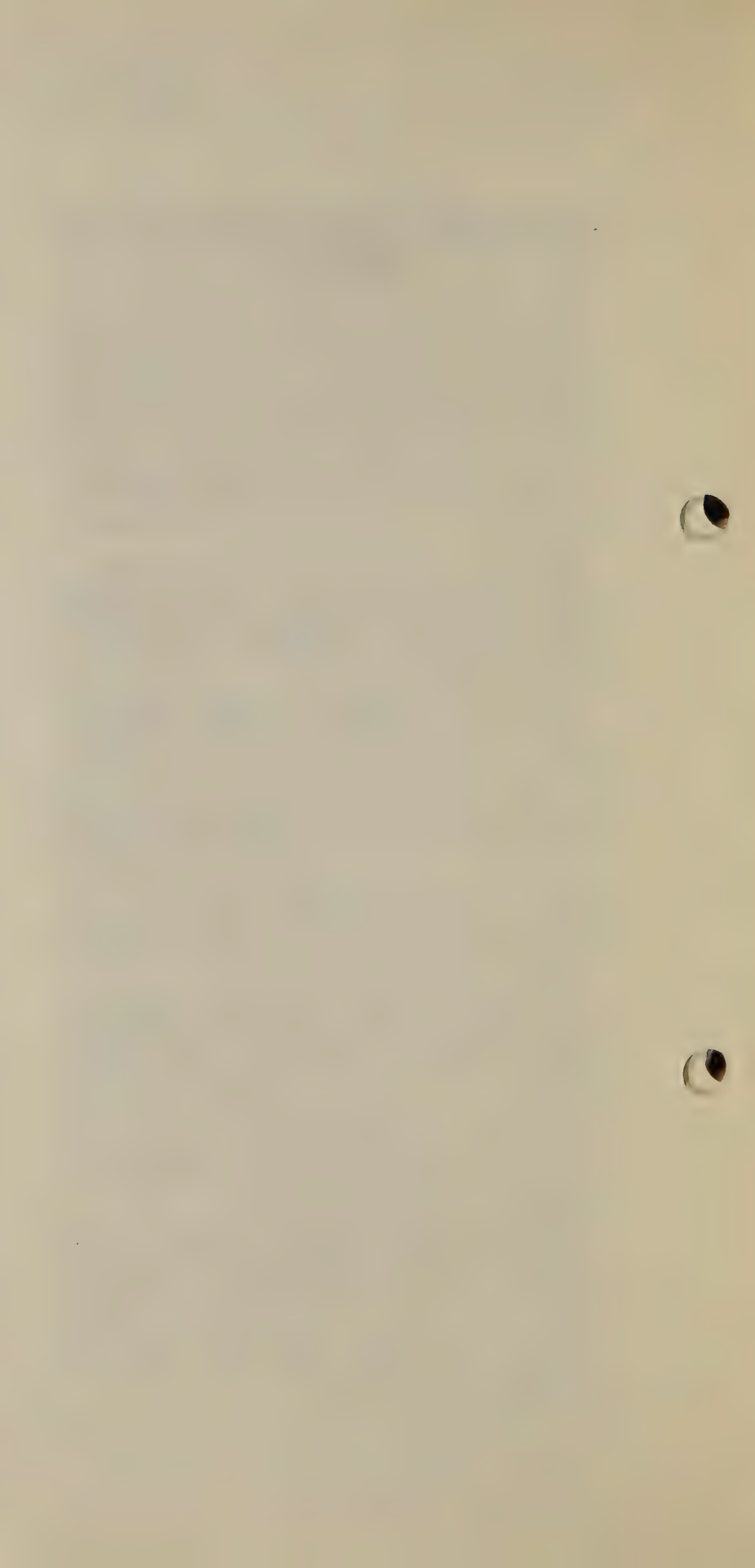
ARGENTINA.—Until recently the Grain Regulating Board has purchased wheat at minimum guaranteed prices established by the Government. Since the war those minimum prices have been discontinued.

AUSTRALIA.—A Wheat Industry Assistance Scheme for maintaining the price of wheat sold for home consumption at a stabilized level has been in effect, together with measures for drought relief and for converting submarginal wheat lands to other uses. Since the outbreak of the war in Europe, the Commonwealth government has announced a new program whereby it will acquire control of the new crop and establish a compulsory wheat pool.

CANADA.—Canadian Wheat Board buys from a producer up to 5,000 bushels of his 1939 crop at a fixed price (70 cents); all over 5,000 bushels grown by same producer in 1939 may be sold to cooperatives at somewhat lower fixed price (60 cents or the open market price). Thus growers are protected and cooperative marketing encouraged. Control of exports has also been announced as a war measure.

DANUBE BASIN COUNTRIES.—Complete Government control of wheat exports. In these countries the most effective means of moving wheat into export has proved to be bilateral treaties or agreements with certain wheat importing countries of Europe.

SOVIET RUSSIA.—All trade in wheat is Government controlled.



LOAN PROGRAM FOR RYE

Major share of the production of rye in the United States is within the States of Michigan, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Wisconsin, and Wyoming where it is raised chiefly as a feed crop. Less than half the crop goes for food and other uses.

A rye loan to enable farmers to keep part of their crop on the farm for feeding purposes, for seed, or for sale at a higher price later on, rather than on the low market prevailing at the time of harvest was made available in July 1939 to AAA cooperators. The loans are offered on 1939 farm stored rye grading No. 2 or better at a rate 22 cents per bushel less than the applicable 1939 loan rate for No. 2 hard winter wheat, with a maximum of 38 cents per bushel.

DEMAND LOANS

Rye loans are demand loans, subject to call at any time when market conditions may require the release of necessary supplies for seed purposes. Storage allowance of 7 cents per bushel for farm storage will be made to farmers for the period ending July 1, 1940, if the rye is delivered to Commodity Credit Corporation. Full storage allowance will also be paid if the loan is called prior to July 1, 1940, and the rye is delivered to the Corporation.

EVER-NORMAL GRANARY PRINCIPLE

Granting of rye loans is in keeping with the Ever-Normal Granary principle of the AAA. Loans will protect producers from a depressed market, help to stabilize supplies and prices for livestock feeders, and assure maintenance of adequate supply levels.

SOYBEANS UNDER THE AAA

In the North Central Region, soybeans which mature as seed are classified as soil depleting, except in the eight cotton counties of southeast Missouri. Soybeans used for other purposes such as hay or green manure are classified as nondepleting.

In the eight cotton counties of southeast Missouri and throughout the South, soybeans are classified as soil depleting only if harvested for crushing purposes. When used for any other purposes, soybeans in these areas are classified as nondepleting.

INCREASING ACREAGE

Soybean acreage for harvest and for other purposes has increased very rapidly in recent years. From 1924 to 1928 the acreage of soybeans harvested for beans averaged about 500,000 acres. From 1930 to 1933 the acreage harvested averaged about 1,000,000 acres. In 1938 the acreage harvested for beans was about 2,900,000 acres. The acreage of soybeans planted for other purposes has increased in about the same proportion from about 1,000,000 acres in 1924 to about 4,700,000 acres in 1938. The acreage of soybeans grown alone for all purposes has increased by about 1,250,000 acres in 1939 as compared with the acreage in 1938.

SOYBEAN OIL

Most of the soybeans crushed for oil are produced in the Corn Belt States of Illinois, Indiana, Iowa, and Ohio. It is expected that production of soybean oil in 1939 may total about 500,000,000 pounds as compared with 323,000,000 pounds in 1938. The average production of soybean oil from 1924 to 1928 was 3,000,000 pounds and the average production from 1929 to 1933 was 26,000,000 pounds.

THE VEGETABLE PROGRAM

A commercial vegetable program was initiated with the 1939 Agricultural Conservation Program to stabilize the acreage of commercial vegetables and thereby stabilize the incomes of vegetable growers at a reasonable level, and provide plenty of supplies at a fair price for consumers. A similar provision is included in the 1940 ACP.

COMMERCIAL AREA.—The Vegetable Program applies in counties or administrative areas for which the 1936-37 average acreage of commercial vegetables (other than potatoes, sweetpotatoes, cantaloups, and annual strawberries) is 200 acres or more. A county may be considered as a non-commercial vegetable county if the State Committee, with the approval of the AAA, determines that the distribution of commercial vegetables grown in the county is confined to small local markets, that there is no tendency toward acreage expansion within the county and that the elimination of the county would not jeopardize the effectiveness of the program.

ALLOTMENTS AND PAYMENTS.—Commercial vegetable acreage allotments are established for eligible farms in commercial vegetable counties under the 1940 program. The allotments are made on the basis of the average acreage in commercial vegetables in 1936 and 1937 or the average of a later period adjusted to the 1936-37 level. They will be determined for farms on which an average of 3 or more acres of land are normally planted to commercial vegetables except in certain areas designated by the AAA where they will be determined for farms on which the average acreage is 1 or more.

Payments at the rate of \$1.50 per acre are made to producers in commercial vegetable counties for keeping their acreages of commercial vegetables within their allotments and deductions of \$20 are made for each acre of commercial vegetables planted in excess of vegetable acreage allotments, or on nonvegetable allotment farms in excess of 3 acres. Deductions will apply to each acre planted in excess of the minimum of 1 acre on nonvegetable allotment farms in special areas.

THE VEGETABLE PROGRAM—Continued

PRACTICES.—Payments for soil-building practices, such as liming, mulching, plowing under green manure crops, or leaving cover crops on commercial vegetable lands, are also available to producers. The amount of payment to be earned by the use of these practices is limited by the total soil-building goal for each farm.

HOME GARDENS.—An effort will be made in the 1940 program to encourage home gardens in areas where there is a deficiency of food grown for the farm family. Payment at the rate of \$1.50 is provided for growing a garden on a farm in accordance with specifications issued by State Committees.

VEGETABLE MARKETING AGREEMENTS.—To even out the flow of vegetables to market, particularly when large output brings the threat of destructive marketing and subsequent injury to consumers through reduced crops and high prices in following seasons, vegetable-marketing agreements are available to growers within a producing area. The industry, growers, and shippers, take the initiative in applying for and designing the program. After public hearings on the agreement, the producers in the area affected are given an opportunity to vote on the proposed program. If the agreement is signed by handlers of at least 50 percent of the volume of the commodity, and if the program is approved by two-thirds of the growers voting, by number or by volume of the commodity, the marketing-agreement program can be put into effect and is binding on all handlers of the commodity within the area.

SURPLUS REMOVAL.—Surplus buying by the Federal Surplus Commodities Corporation acts to bolster prices and prevent waste when unavoidable surpluses of vegetables occur. FSICC purchases are distributed through State welfare agencies to persons on relief. These operations supplement the efforts of farmers to improve selling conditions through marketing agreement programs or other means.

POTATOES UNDER THE AAA

BACKGROUND.—The potato is the leading vegetable in the United States. The total crop averaged annually about 358 million bushels during 1921–30 and had an average farm value slightly under \$359,000,000. Average production increased to about 380 million bushels during 1931–35 and the average farm value dropped to about \$204,000,000. Prevailing demand is for from 360 to 370 million bushels annually. Fluctuations in acreage and yields have brought years of big crops and low prices, and in other years small crops and high prices. Consumers, however, did not obtain the full benefit of low producer prices since service charges are fixed by handlers. The production of a crop that will be fair to both consumer and producer is the problem of potato producers.

THE POTATO PROGRAM

The purpose of the potato goal and the acreage allotment in the AAA program is to stabilize potato production as much as possible by avoiding extremes of very high and low acreage.

The national potato goal is between 3,100,000 and 3,300,000 acres.

IN COMMERCIAL AREAS

Potato-acreage allotments are established for commercial producers in designated commercial potato-producing areas. Growers who plant within their 1940 allotments will earn payments of 3 cents a bushel on the normal yield of their allotments.

Ref.: ACP-1940; U. S. D. A. Technical Bulletin No. 7.

THE HISTORY OF THE UNITED STATES

OF THE UNITED STATES OF AMERICA

BY

WILLIAM F. STODOLSKY

OF THE UNIVERSITY OF CHICAGO

CHICAGO

1900

THE COTTON PROGRAM

Cooperators in the cotton program may work together to obtain their fair share of the national income, to increase domestic and foreign use of American cotton, to conserve and rebuild the soil, and to protect consumers by maintaining a stable and adequate flow of cotton to market. The program includes:

ACREAGE ADJUSTMENT.—Each farmer's acreage allotment represents his share of a desirable national acreage. The national acreage allotted for 1938, 1939, and 1940 has resulted in a reduction of approximately 35 percent in the farmer's normal acreage.

SOIL-BUILDING PRACTICES.—To improve soil fertility and prevent erosion.

PAYMENTS.—Soil-conservation payments assist farmers to meet the unavoidable costs of better land use and balancing supplies with demand; price adjustment payments bring cotton income closer to parity.

MARKETING QUOTAS.—When the market supply becomes excessive, quotas, if approved by producers, may be applied to help regulate the amount of cotton marketed. Producers who market in excess of their marketing quotas pay a penalty on the excess marketings.

LOANS.—Cotton loans (not available when quotas are rejected) provide farmers with the means to withhold their cotton from market until prices are more favorable.

EXPORT PROGRAM.—Payments on exports of lint cotton and cotton goods are designed to restore the normal competitive position of American cotton in world markets and to assure the United States its fair share of export trade.

USE OF SURPLUS COTTON.—In an effort to get more cotton used, the Government is trying to develop new uses and outlets.

THE NEED FOR A COTTON PROGRAM

The farm population is very dense in the Cotton Belt and one-third of all the farm people in the United States live on farms on which cotton is grown. This pressure of population for income has caused excessive acreages of cotton to be grown, and at the present time there are excessive supplies of cotton both in the United States and in the world. Normally, American cotton farmers have sold half or more than half of their crop on foreign markets in competition with foreign growers and at world prices, which have often been depressed. Since the World War it has become increasingly difficult to sell normal quantities of American cotton abroad.

In the Cotton Belt a high percentage of the cropland is devoted to soil-depleting, intertilled crops, resulting in large areas being eroded and depleted. The lack of universally adapted perennial or biennial legumes in the South makes it necessary to plant winter crops, in most cases with imported seed, and summer crops.

WORLD STOCKS HIGH.—World carry-over of American cotton reached an all-time high as of August 1939 when it was estimated at 14 million bales. Including 1939 production of 11.7 million bales, this indicated a total supply for 1939-40 of 25.8 million bales which is equal to 2 years use at the average rate of consumption for the 10-year period 1928-37.

CONSUMPTION LOW.—Despite the second highest domestic consumption in 10 years, world use of American cotton in the year 1938-39 was more than 10 percent below the 1928-37 average. Declining foreign purchases accounted for much of the loss. Increasing production of synthetic textiles and nationalistic trade policies abroad concern every American cotton producer through restriction of his markets.

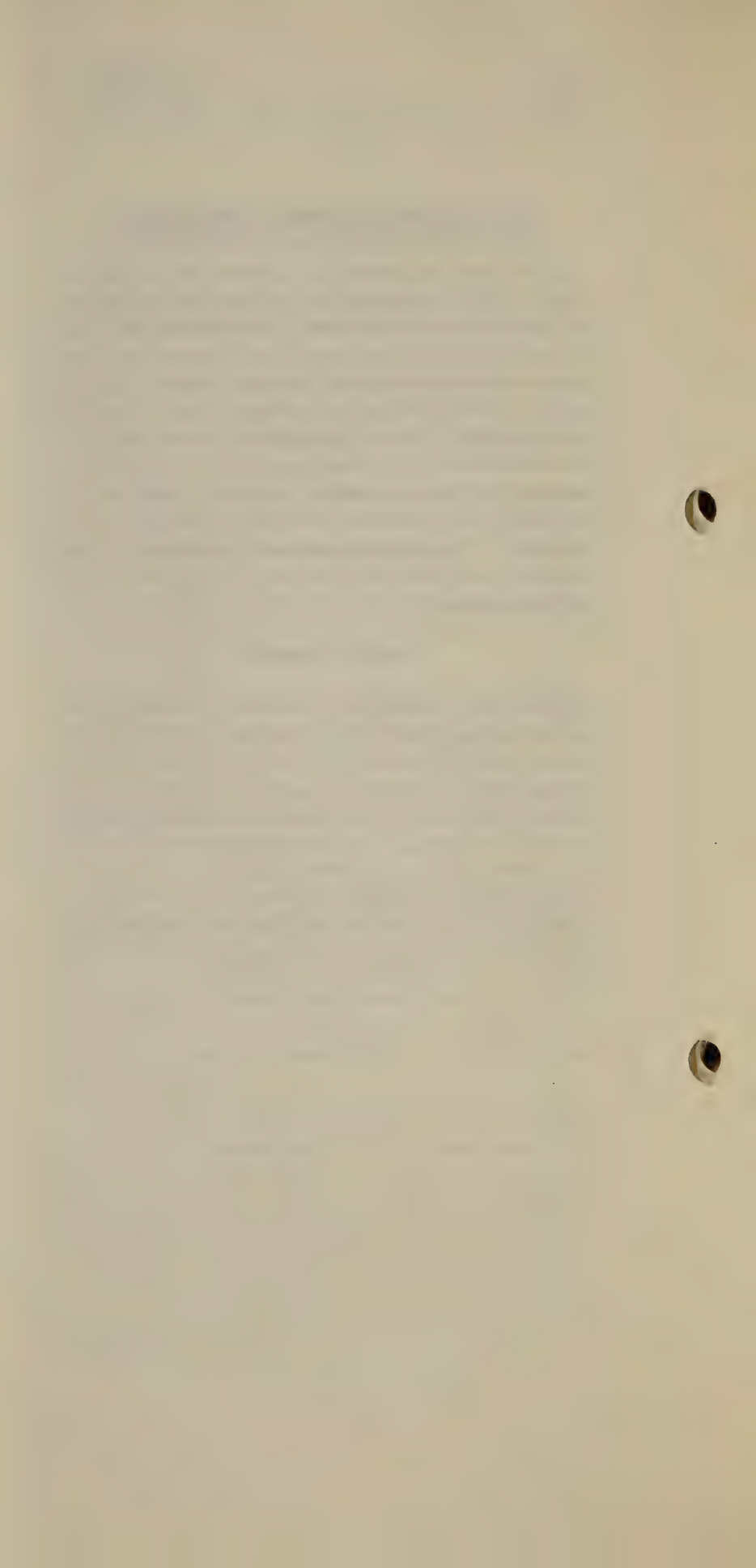
THE COTTON EXPORT PROGRAM

A program to assure the United States its fair share of the world cotton markets was announced, effective July 27, 1939. Under the program payments would be made on exports of lint cotton produced in the United States and on exports of cotton goods produced and processed domestically. When announced, the program was described as a temporary plan intended to benefit the entire cotton industry and to re-establish the nation's position in world cotton markets. The export program makes use of the established system of trading, payments going to the exporter.

HOW IT WORKS

Under the program an exporter makes application for payment and furnishes proof of exportation of cotton or American-produced and processed cotton goods. He will be paid, if his claim is acceptable, at a specified rate per pound, net weight basis, of lint cotton exported, and at equivalent rates for cotton goods.

The rates of payment may be varied, if deemed advisable, in order to maintain our competitive position and offset price disparities.



THE CONSUMER AND AAA

The city worker is more than a passive user of finished agricultural goods. He is a partner with the farmer in the country's business life. He takes farm goods, not just to eat and wear, but to process, distribute, and transport, and to combine with other materials to produce industrial goods.

NONFARM WORKER'S MATERIALS

Every nonfarm worker draws upon agriculture for two kinds of materials: One kind for immediate personal use and the other kind for use as raw material in his own employment.

HIS MARKETS

The nonfarm worker depends on agriculture as a market. From him the farmer buys machinery, fertilizer, transportation, building supplies, as well as newspapers, magazines, books, and motion pictures.

The consumer needs more from agriculture than just a supply of low-priced commodities. He needs the farmer as a customer.

The consumer has an interest in the farm as a going concern.

DOES AAA MEAN SCARCITY?

Farmers wonder why they of all people should be accused of scarcity.

INDUSTRY

From 1929 to 1934, for example, industry's "plow-up" of production was greater than that of agriculture. Factory production in industries using nonagricultural raw materials in 1934 had decreased 42 percent from the 1929 level. For the same period the volume of factory production using agricultural raw materials was down only 15 percent. Industry's "plow-up" of production in nonagricultural industries during the period was 27 percent greater than that of industries using agricultural products.

AGRICULTURE

In 1937 farmers' production of their 53 leading crops was 13 percent above the 1923-32 average and 7 percent greater than in the previous record-breaking year 1931. In 1938 it was 5 percent above the 1923-32 average.

The new Farm Act provides for nearly double the carry-overs of corn and wheat that have been customary in the past.

The farm program is one of balanced abundance and not a scarcity program.

Ref.: "Administered Price and Market Price," G-47; General Crop Report, December 1938.

DIVERTED LAND AND RECLAMATION

Many people ask why the Government fosters both irrigation and adjustment programs.

PROGRAMS ARE CONSISTENT

Helping farmers transfer from hazardous dry-land to dependable irrigated areas is justified social and economic policy. Recent reclamation policy emphasizes production for home use. In 1936 approximately half the acreage cropped on Federal projects was in hay and forage crops.

RECLAMATION AREA SMALL

In 1938, after 36 years of Federal reclamation, land in crops receiving water from Federal projects totaled 3,030,000 acres, less than 1 percent of the national crop acreage. This included 1,254,800 acres irrigated by private projects. About 17,000,000 acres of other cropland were irrigated in 1938 by States or privately.

OLD PROJECTS

The only new land brought under irrigation by Federal projects during the past 6 years was on projects authorized and started before 1933.

Many Federal enterprises, such as Grand Coulee are also built for power and navigation purposes.

In addition, opportunities on new lands are urgently needed today for the thousands of families driven from their homes by the droughts of 1934 and 1936.

“THE OTHER HALF OF THE FARM PROBLEM”

The volume of industrial production and the purchasing power of consumers is “the other half of the farm problem.”

Curtailment of factory production means unemployment for industrial workers and decreased demand for the things farmers produce. The farmer, forced to adjust expenditures to shrinking income, postpones purchase of farm equipment and repairs and so intensifies the adverse influences bearing on his income.

THE FARMER'S MARKET.—Three-fourths of farm income arises from the sale of food products, but the farmer does not get a constant share of the consumer's dollar. He benefits most when consumer income rises, just as he suffers most when city purchasing power falls.

About 65 percent of national income is paid in wages and salaries. Although city wage earners and lower-salaried workers spend about 35 percent of their income for food, total retail expenditures for food are only about 20 percent as great as all nonagricultural income.

RETAIL FOOD SALES.—The close relationship between consumer income and retail expenditures for food and the changing proportion of the retail food dollar which has gone to the farmer since 1929 are shown below:

Year	Nonagri- cultural income payments ¹	Retail food sales ²	Ratio food sales to income	Farmers' percent of retail food dollar ³
	<i>Millions of dollars</i>	<i>Millions of dollars</i>	<i>Percent</i>	
1929-----	73, 542	14, 887	20. 2	47
1930-----	68, 456	13, 857	20. 2	44
1931-----	59, 303	12, 066	20. 3	38
1932-----	46, 551	9, 623	20. 7	33
1933-----	43, 174	8, 973	20. 8	36
1934-----	49, 164	10, 002	20. 3	40
1935-----	52, 770	10, 830	20. 5	45
1936-----	61, 559	11, 644	18. 9	44
1937-----	65, 282	12, 163	18. 6	45
1938-----	60, 236	11, 526	19. 1	40

¹ Estimates based on U. S. Department of Commerce income and retail sales data.

² Based on Bureau of Census and Bureau of Domestic and Foreign Commerce data.

³ Based on BAE studies covering 58 foods. Adjusted in 1933-35 to include processing taxes.

Source: P. H. Bollinger in *The Agricultural Situation*, December 1937.

FARM-MORTGAGE DEBT DECLINES

The total farm-mortgage debt of approximately 7 billion dollars outstanding on January 1, 1939, was 27.5 percent below the total for January 1, 1929, and about 34 percent below the peak of about 10.8 billion dollars reached in 1922-23. The farm-mortgage debt now stands at a level approximately equal to that in 1918. The decrease has been general throughout the United States with the exception of the New England Region.

FEWER FORECLOSURES SINCE 1933

Since 1933, the number of forced farm sales has declined substantially. This decline has applied to each of the nine geographic regions.

During the 12 months ending March 15, 1933, there were 54.1 such sales per thousand farms. By the year ending March 15, 1939, this had dropped to 16.8 per thousand farms.

FARM BANKRUPTCIES DOWN

The number of farm bankruptcies in the United States in the year ending June 30, 1938, was only about 30 percent of the total for the year ending June 30, 1933. The decline was from 5,917 to 1,799.

(See next page for detailed figures by years and geographic divisions.)

Ref.: Agricultural Finance Review, November 1939 and BAE reports.

*Estimated number of forced farm sales ¹ per
1,000 of all farms, 12 months ended Mar.
15, 1933-39*

	1933	1934	1935	1936	1937	1938	1939
United States.....	54.1	39.1	28.3	26.2	22.4	17.4	16.8
New England.....	19.8	20.1	18.9	16.8	14.4	13.3	12.7
Middle Atlantic.....	28.3	26.2	23.9	21.6	16.5	14.1	13.5
East North Central.....	43.9	32.0	23.5	22.1	19.0	13.5	13.5
West North Central.....	72.0	50.9	40.6	38.0	31.7	27.0	26.9
South Atlantic.....	59.5	40.7	24.5	21.3	17.6	13.6	13.4
East South Central.....	63.5	44.9	30.6	26.9	22.4	14.0	12.4
West South Central.....	51.2	34.3	22.9	22.0	20.2	16.5	15.5
Mountain.....	52.8	44.1	35.7	36.0	33.4	27.3	24.2
Pacific.....	44.1	37.1	24.6	25.8	23.1	19.1	17.5

¹ Includes sales from delinquent taxes, foreclosures of mortgages, bankruptcies, loss of title by default of contract, sales to avoid foreclosure, and surrender of titles or other transfer to avoid foreclosure.

*Farmer bankruptcies, years ended June 30,
1933-38*

	1933	1934	1935	1936	1937	1938
United States.....	5,917	4,716	4,311	3,642	2,479	1,799
New England.....	164	171	123	108	139	84
Middle Atlantic.....	514	420	457	313	228	208
East North Central.....	2,020	1,384	1,055	1,045	574	419
West North Central.....	1,277	983	877	837	454	324
South Atlantic.....	601	699	735	442	339	270
East South Central.....	494	399	431	346	259	125
West South Central.....	371	329	307	278	189	147
Mountain.....	167	131	101	69	73	67
Pacific.....	309	200	225	204	224	155

*Estimated farm mortgage indebtedness,
Jan. 1, 1929, 1932, 1936, 1939, by regions*

[Thousands of dollars]

	1929	1932	1936	1939
United States.....	9,756,559	9,214,004	7,638,867	7,070,896
New England.....	162,858	184,500	177,571	186,574
Middle Atlantic.....	472,613	469,020	411,207	400,681
East North Central.....	1,917,596	1,757,767	1,517,589	1,409,046
West North Central.....	3,734,571	3,342,008	2,610,766	2,290,887
South Atlantic.....	546,157	465,927	418,166	397,024
East South Central.....	439,773	401,762	348,800	340,396
West South Central.....	1,091,781	1,081,423	906,683	831,806
Mountain.....	551,371	577,436	476,788	445,915
Pacific.....	839,839	934,161	771,297	768,567

FARM INCOME

From a 15-year peak of slightly over 11 billion dollars in 1929, cash farm income in the United States dropped to about 4½ billion in 1932.

In 1933, when Agricultural Adjustment Act benefit payments were paid during the last 5 months, the farm income climbed back to more than 5 billion dollars, and continued its climb to nearly 9 billion in 1937, slightly above the 1930 total.

For 1938, cash farm income dropped to about 8 billion dollars, 11 percent less than in 1937, but 74 percent more than in 1932.

Another picture of farm income is reflected in the relationship between prices farmers receive for their products and prices farmers pay for things they need. In 1938 this ratio was 78, above 1931-34, but below 1935-37.

Following are yearly totals of farm cash income since 1924, including Government payments for the years 1933-38, and a table giving indices of prices received by farmers, prices paid by farmers, and the ratio of prices received to prices paid:

Year	Cash income of farmers (millions of dollars)	Index of prices received, all commodities (Aug. 1909-July 1914=100)	Index of prices paid for commodities used in living and production (1910-14=100)	Ratio of prices received to prices paid
1925.....	10,881	156	157	99
1926.....	10,580	145	155	94
1927.....	10,700	139	153	91
1928.....	11,089	149	155	96
1929.....	11,221	146	153	95
1930.....	8,941	126	145	87
1931.....	6,254	87	124	70
1932.....	4,606	65	107	61
1933.....	5,379	70	109	64
1934.....	6,585	90	123	73
1935.....	7,378	108	125	86
1936.....	8,299	114	124	92
1937.....	8,988	121	130	93
1938.....	8,020	95	122	78

MORE ACRES THAN MARKETS

From 280 to 285 million acres are required annually to feed the American people. This varies little from year to year. Almost as much land was required to supply the American table in the depth of the depression as at the height of prosperity.

About 20 to 25 million acres more are required annually for nonfood products such as cotton, tobacco, and flax.

It is estimated that 25 to 35 million acres will supply all the products which can be exported during the next few years.

30 MILLION ACRES

Altogether, markets can be found for the products of about 335 million acres of average land. However, the United States has 360 to 365 million acres from which crops are normally harvested. This means the American farmer has roughly 30 million surplus acres for products without markets.

ACRES GAIN; MARKETS SHRINK

Some of these problem acres are a hold-over from the World War when the harvested acreage jumped from 320 million acres to about 360 million acres, an increase of 40 million acres. Although a growing population has increased domestic consumption since the early 1920's, other factors such as increased efficiency have offset much of this gain. The shift from horses and mules to tractors and automobiles has lost the farmer the market for feed from about 35 million acres. Another factor has been the shrinking world wheat markets.

RELATED FARM AGENCIES

FSA (Farm Security Administration) was created to help needy and low-income farm families through loans of various types to become self-supporting. Loans are accompanied by guidance in sound farming methods to make sure that money is used to the best advantage. Types of help offered:

Standard rehabilitation loans, emergency rehabilitation loans, community service loans, medical aid loans, tenant purchase loans, farm debt adjustment, tenure improvement, homesteads projects, camps for migrant families, and grants for urgent necessities.

FCA (Farm Credit Administration)¹ and the institutions operating under its direction provide a complete and coordinated credit system for agriculture by making available to farmers long-term and short-term credit, through local National Farm Loan Associations and Production Credit Associations. It also provides credit facilities for farmers' cooperative marketing, purchasing, and business service organizations.

SCS (Soil Conservation Service) has charge of physical land use adjustment programs—erosion control, the farm part of flood control, the water-facilities program—submarginal land purchase and development, and farm forestry. It furthers soil conservation through (1) assistance to local soil conservation districts, (2) demonstration projects, (3) research and investigation, and (4) dissemination of information.

REA (Rural Electrification Administration)¹ was organized to facilitate the introduction of electric service to persons in rural areas not served previously and to promote greater use of electric power. It makes loans for electric distribution systems and for wiring, appliances, and plumbing to local cooperative associations of users.

¹ Transferred to the U. S. Department of Agriculture by Executive order under provisions of the Reorganization Act of 1939.

Ref.: U. S. Government Manual and the agencies listed.

WILDLIFE CONSERVATION AND THE AAA

The conservation of soil, water, and trees is stressed in the national AAA farm program. In wildlife conservation, these same practices are of primary importance. Crops that provide feed and cover and protect the soil from erosion are essential practices in conserving and increasing birds and game. By retarding water run-off and lessening soil erosion, these crops are also of importance in improving stream conditions for fish and other forms of water life.

MORE LAND UNDER COVER.—Under the AAA program, more than 40 million acres have been shifted from soil-depleting crops into legumes and grasses. Altogether, more than 50 million acres, or nearly one-sixth of our farm land, are devoted each year to soil-conserving crops and practices. Of this, about 30 million acres consist of new and additional seedings of legumes and grass primarily for pasture, meadow, and soil conserving purposes. The remaining 20 million acres are devoted to such practices as terracing, strip-cropping, planting adapted trees, shrubs and grass in gullies, planting farm woodlots and windbreaks, and where needed, the construction of ponds and reservoirs and the maintenance of ground water levels.

FOOD AND COVER FOR WILDLIFE.—All of these practices contribute directly to wildlife conservation by increasing the crops and trees which wildlife needs for food and cover throughout the year.

Under the AAA range program, the restoration and protection of range forage is encouraged, and more than 20,000 ponds and reservoirs have been created in the dry areas of the range country. These ponds extend from Canada to Mexico and provide fresh water feeding and resting ponds for wild ducks and other birds in their migratory flights, as well as water holes for native wildlife.

The present basic program of soil, water, and tree conservation is contributing toward the conservation and increase of wildlife in America.

WAR AND THE AAA

"For six and a half years the AAA has been used by farmers through one emergency after another. We have had surpluses, droughts, Supreme Court decisions, and surpluses again. And now we have war.

"No one is able to gage accurately what lies ahead. Our natural impulse, of course, has been to look back to 1914 and to see what happened then and in the years that followed. But 1939 is not 1914. Situations today are far different.

"I think that most farmers feel that the safest thing to do is to stay with the AAA farm program. It provides the machinery for adjusting the production of major crops as quickly as necessary to any changes in demand which may occur.

EVER-NORMAL GRANARY.—"The Ever-Normal Granary is designed for peace time, but it is especially useful in a world at war. Today in the disaster of war, farmers are more able to take advantage of the Ever-Normal Granary, and . . . it is a great safeguard to the consumer.

CONSERVATION.—"In this present situation, farmers need to hold the very substantial gains they have made in soil-conservation and soil-building during the last few years. More than any other thing, soil conservation accomplishments are a net gain to our national productive capacity and to our national farm plant.

THE PROBLEMS OF PEACE.—"After the present war is concluded we know that farmers will face once more the problem of finding a market for the export crops produced in this country. We know that farmers will face once more the problem of adjusting acreage. We know that farmers will continue to face the problem of maintaining fair prices and income just as they did after the last war. After the last war, farmers were left to go it alone. This time they will have the machinery of the AAA to cushion the shocks . . . In the AAA farmers are ready for both the immediate problems and the problems that will arise after this war is ended."—*Excerpts from address by R. M. Evans, Administrator, of the AAA.*

*Agricultural conservation payments paid or
to be paid under the 1936, 1937, and 1938
agricultural conservation programs*

State	1936 pro- gram ¹ as of June 30, 1937	1937 pro- gram ¹ as of June 30, 1938	1938 pro- gram ¹ as of June 30, 1939
Alabama	\$10,928,248.82	\$8,767,724.00	\$17,466,056.87
Arizona	1,143,609.11	1,176,143.00	2,583,207.30
Arkansas	10,313,820.40	9,585,782.00	17,535,855.95
California	4,257,754.65	5,995,145.00	7,674,636.87
Colorado	5,216,021.03	5,754,401.00	4,712,802.98
Connecticut	378,099.33	335,393.00	450,793.77
Delaware	328,940.16	463,621.00	588,820.62
Florida	1,415,020.60	1,694,961.00	3,004,459.10
Georgia	11,537,194.21	9,432,911.00	17,702,168.34
Idaho	2,894,740.18	1,944,679.00	2,492,312.98
Illinois	16,744,762.70	9,001,497.00	18,594,058.79
Indiana	10,578,143.24	6,430,213.00	10,578,498.80
Iowa	28,181,006.55	18,208,669.00	28,210,792.44
Kansas	19,429,694.73	15,346,865.00	15,775,600.42
Kentucky	11,322,882.90	11,027,580.00	9,831,713.80
Louisiana	7,605,663.96	6,687,980.00	10,365,360.66
Maine	346,485.71	854,263.00	1,934,360.76
Maryland	1,441,029.34	1,429,554.00	1,676,486.31
Massachusetts	216,769.92	367,293.00	447,509.01
Michigan	7,095,651.91	6,252,307.00	6,631,058.28
Minnesota	18,334,361.99	13,920,306.00	15,918,082.56
Mississippi	11,453,542.86	10,125,587.00	21,727,060.69
Missouri	13,045,675.30	10,556,724.00	13,059,604.97
Montana	7,022,384.53	7,629,122.00	6,814,241.72
Nebraska	15,534,620.99	11,436,597.00	13,259,027.40
Nevada	148,796.62	165,687.00	127,063.71
New Hampshire	105,549.34	192,435.00	202,715.57
New Jersey	338,846.30	925,799.00	1,200,496.32
New Mexico	3,070,201.21	2,791,041.00	3,203,272.42
New York	3,004,640.37	3,850,079.00	3,413,140.42
North Carolina	12,486,486.04	9,710,780.00	14,342,904.05
North Dakota	21,454,885.13	13,935,423.00	17,266,293.60
Ohio	9,785,891.06	6,395,981.00	9,084,472.41
Oklahoma	14,578,074.62	13,471,164.00	17,498,075.59
Oregon	1,958,239.64	2,450,303.00	3,183,644.02
Pennsylvania	2,940,431.17	3,266,973.00	3,748,872.56
Rhode Island	9,942.81	28,482.00	37,191.56
South Carolina	7,968,911.18	5,959,753.00	12,167,031.98
South Dakota	15,944,933.62	13,819,944.00	14,013,684.52
Tennessee	8,733,082.10	7,975,558.00	11,229,423.58
Texas	36,995,270.99	35,817,168.00	63,354,552.91
Utah	1,094,699.84	962,664.00	677,774.60
Vermont	306,106.21	448,355.00	547,008.77
Virginia	3,338,796.91	3,793,732.00	4,601,385.29
Washington	2,564,739.42	1,820,208.00	3,635,592.25
West Virginia	693,060.86	1,242,766.00	1,322,144.05
Wisconsin	11,875,090.05	8,254,876.00	9,791,914.78
Wyoming	1,296,348.94	1,702,315.00	1,625,558.58
Alaska	5,000.00	2,600.00	1,050.00
Hawaii	600,000.00	760,000.00	101,000.00
Puerto Rico	1,750,000.00	1,400,000.00	1,720,000.00
Total	379,814,149.55	315,569,403.00	447,130,834.93

¹ Includes county association expenses applicable to the program.

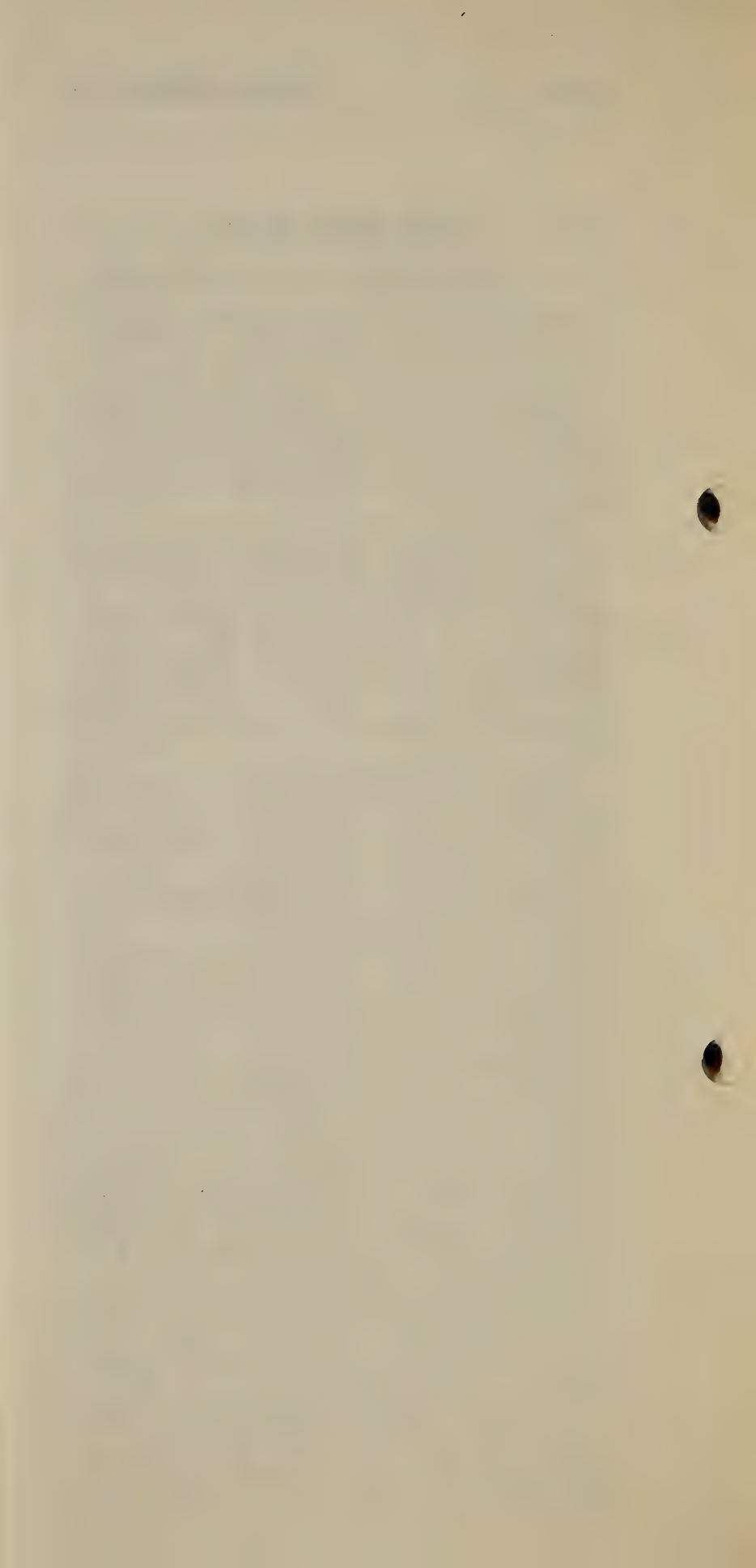
THE STAMP PLAN

The stamp plan of surplus commodity distribution through regular retail channels supplants, in a number of cities and counties, the distribution of such commodities by direct distribution to families on relief. Under the plan, foods designated by the Department of Agriculture as being produced in surplus quantities are distributed to needy families through regular retail grocery stores.

The stamp plan is so named because orange and blue stamps are the medium of exchange in making commodity purchases. Any person eligible for public assistance may obtain orange stamps in place of an equivalent amount of cash WPA wage or relief payment. These stamps have a retail value of 25 cents each and are accepted in exchange for food at retail food stores.

With each two orange stamps, the applicant receives a blue stamp, also valued at 25 cents, which may be used to buy only surplus farm products. This gives the recipient extra purchasing power. The stamps are redeemable from Federal Surplus Commodity Corporation funds. In order that the recipient may not substitute surplus commodities for regular food purchases, he is permitted to buy not less than \$1 in orange stamps weekly for each member of his family. This provides \$1.50 per week per person for food purchases. Larger amounts may be purchased.

In the first three and a half months after inauguration of the plan at Rochester, N. Y., on May 16, 1939, studies indicate these advantages: food sales in cities using the plan tend to increase beyond the amount represented by blue stamp purchases, giving farmers a broader market for their surpluses; the increased volume of trade in groceries tends to stimulate many other types of retail sales; persons on relief appear to like buying surplus commodities through regular grocery stores, since participation in the plan, which is voluntary, has tended to increase steadily; needy persons who have participated in the plan are getting not only a more adequate diet but apparently in most cases a better balanced diet.



EQUALIZATION FEE PLAN

[McNary-Haugen bills of 1924, 1927, and 1928]

The exportation of agricultural surpluses to be sold at world prices, meanwhile allowing prices on the portion consumed in the domestic market to rise behind the tariff wall, is a plan characteristic of many of the price-raising proposals which have been suggested for the benefit of agriculture since the early 1920's.

DUMPING SURPLUSES

The first widely known proposals embodying this idea were the original McNary-Haugen bill of 1924 and the vetoed bills of 1927 and 1928. The method in all three of these bills was essentially to dispose of surpluses abroad for whatever price they would bring, losses to be met through the collection of an equalization fee levied against the product.

DEPENDENT ON EXPORTS

The equalization fee plan was based upon the concept of a rather steady export outlet for American farm products. It was believed that this outlet would absorb surpluses in reasonably large quantities and at fairly satisfactory prices, so that lower export prices would be more than offset by increased prices on the domestic market.

Ref.: Facts Series No. 23, Ohio University.

EXPORT DEBENTURE PLAN

[McKinley-Adkins bill, 1926—Jones-Ketcham bill, 1928]

This plan also proposed to raise farm prices by disposing of surpluses abroad. Conducted behind a tariff wall and paying an export bounty, the plan sought to induce the surplus to move out of the country and thus make the domestic price rise by an amount equal to the export bounty.

USED TARIFF REVENUE

It differed from the equalization fee plan in that it provided for the use of tariff revenue to pay export subsidies on the surpluses. In other words, losses incurred in moving surpluses to the foreign market would have been made up out of import revenues intercepted just before they reached the Federal Treasury, rather than through the equalization fee tax on the product.

The special device from which the plan took its name was the payment of these subsidies with debentures rather than with cash. The debentures were to be acceptable in the payment of customs duties. The rate of subsidy was to be made flexible—that is, the larger the surplus the smaller the subsidy—as a provision to curb overproduction.

TO RAISE DOMESTIC PRICES

It was believed that the volume of exports would increase ultimately to the point of freeing domestic markets from the weight of the surplus and thus the domestic prices would be raised above the world price by the amount of the tariff—this also being the amount of the subsidy.

Ref.: Facts Series No. 23, Ohio University.

FEDERAL FARM BOARD

[Agricultural Marketing Act of 1929]

The Agricultural Marketing Act of 1929 provided essentially for a marketing approach to the farm problem. It set up the Federal Farm Board as the instrument to carry out the Act. It encouraged cooperatives in an effort to bring about more orderly marketing on a nation-wide scale.

LOANS AND PURCHASES

With the drastic price declines late in 1929, the Board undertook a program of price stabilization, first, by making loans to cooperatives to enable them to hold their products off the market and, later, by the organization of stabilization corporations and large-scale purchase of cotton and wheat. The plan did not provide for any direct control over production.

TO STABILIZE SELLING

The 1929 Act was based upon the concept that the farm problem is primarily one of wasteful individualized selling, which could be corrected by encouraging cooperative marketing. It aimed to stabilize farm prices by a distinctive program in the field of marketing rather than production.

Ref.: Facts Series No. 23, Ohio University.

DOMESTIC ALLOTMENT PLAN

[Hope-Norbeck Bills, 1932]

The Domestic Allotment Plan originally proposed a system of certificates enabling producers to sell on the domestic market—at protected prices—that portion of the crop normally consumed in this country. The surplus was to be exported without subsidy. In later form it also provided for some production control, with benefit payments paid on the domestic allotment out of the proceeds of a processing tax. That was one of the methods used in the Agricultural Adjustment Act of 1933 which was later invalidated.

PRODUCTION ADJUSTMENT CONSIDERED

This plan reflected a growing doubt as to the possibility of exporting unlimited quantities of farm products, and an increasing belief that in some way an attempt should be made to regulate production. The plan sought to make the individual farmer conscious of his share of the surplus and to improve prices by limiting the quantity available to the domestic market and discouraging increased production for export.

Ref.: Facts Series No. 23, Ohio University.

AGRICULTURAL ADJUSTMENT ACT OF 1933

The Agricultural Adjustment Act of 1933 provided for adjusted production of seven major commodities which were considered as being produced in surplus quantities—wheat, corn, cotton, hogs, rice, tobacco, and dairy products. Benefit payments were derived from processing taxes and paid on a voluntary reduction contract between the Government and each cooperating producer.

MARKETING CONTROL

The "Thomas Amendment" to this Act was the legislation under which the dollar was devalued—a price-raising expedient advocated in many quarters. The Bankhead and Kerr Acts, controlling the marketings of cotton and tobacco, were also eventually authorized under the 1933 Act.

The 1933 Act included features drawn from several of the earlier proposals. It provided for domestic allotments, expansion of markets, encouragement of exports, and regulation of marketing methods, all of which had been included in one or more of the previous plans.

REDUCED EXPORT OUTLET

This plan, however, approached the farm problem as one primarily of disposing of existing surpluses in the face of reduced export outlets. The belief was that this could be done only if production were checked and furthermore that producers would do this cooperatively under the inducement of benefit payments. It was also believed that consumers would pay parity prices for farm products in the domestic market.

Ref.: Facts Series No. 23, Ohio University.

SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT OF 1936

During 1934 and 1935 sentiment was growing to place more emphasis on soil conservation in the national farm program. With the invalidation of the Act of 1933 this became the underlying principle of the Soil Conservation and Domestic Allotment Act of 1936. That Act is still in operation, in a strengthened and amended form complemented by the Agricultural Adjustment Act of 1938.

LIMITED ADJUSTMENT

Under this Act benefit payments are made to producers out of general treasury funds for shifting from such "soil-depleting" crops as cotton, corn, wheat, tobacco, and rice to such "soil-conserving" crops as grasses and legumes and for carrying out certain "soil-building practices." This Act provided for only limited production adjustment.

BASED ON CONSERVATION

The Soil Conservation and Domestic Allotment Act was enacted on the following assumptions: (1) That the continued welfare of the Nation requires that soil resources be conserved; (2) that soil fertility is wasted if crops are produced in excess of effective domestic and export demand; (3) that it is cheaper to expend Government funds for prevention of depletion than to try to restore fertility after it has been wasted.

Ref.: Facts Series No. 23, Ohio University.

AGRICULTURAL ADJUSTMENT ACT OF 1938

The Agricultural Adjustment Act of 1938 became a law in February 1938, complementing the Soil Conservation and Domestic Allotment Act of 1936 and providing for:

(1) Conservation payments to producers who adjust the acreage of their soil-depleting crops as prescribed in the allotments and carry out soil-building practices; (2) parity or price adjustment payments to producers of corn, wheat, cotton, tobacco, and rice who do not overplant their allotments; (3) commodity loans to cooperators; (4) marketing control of surpluses when approved by two-thirds of the producers voting; (5) freight rate investigation and study; (6) Federal crop insurance on wheat; (7) purchases of farm surpluses for relief distribution; (8) market expansion through research on new uses for farm products; and (9) funds to subsidize the export of farm surpluses.

RECOGNIZES DECREASED OUTLETS

The plan embodied in the 1938 Act was adopted in the belief the farm problem is in large part one of adjusting existing producing facilities to decreased outlets for export products.

The general thesis underlying this program is (1) that efforts should be made to expand markets and develop new uses for farm products but that progress will be slow in that direction; (2) that export outlets are for the present definitely limited; (3) that one essential for reasonable farm income is balance between production and market demand; (4) that production adjustment needs to be accompanied by an ever-normal granary; (5) that a program of commodity loans and parity payments is helpful only under the condition that it does not lead to further surplus production.

Ref.: Facts Series No. 23, Ohio University.

ADMINISTRATIVE REGULATIONS

The following regulations are hereby promulgated for the guidance of the medical personnel of the Army Medical Service, and shall be strictly observed by all concerned.

1. The medical personnel of the Army Medical Service shall be organized into units, and shall be subject to the orders and regulations of their superiors.

2. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of efficiency and to be ready at all times to perform their duties.

3. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of conduct and to be obedient to the orders of their superiors.

4. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of hygiene and to be clean and neat at all times.

5. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of discipline and to be obedient to the orders of their superiors.

6. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of loyalty and to be faithful to the Government.

7. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of integrity and to be honest and truthful at all times.

8. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of courage and to be brave and fearless at all times.

9. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of endurance and to be able to withstand fatigue and hardship at all times.

10. The medical personnel of the Army Medical Service shall be required to maintain the highest standard of skill and to be competent to perform their duties at all times.

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